the corcoran report

YEAR END 2008

the eastend snapshot

Welcome to the year-end Corcoran Report, our annual examination of the East End's real estate market. By now it is well established that the American economy has entered a serious recession, fueled in large part by the slowdown in housing and the ongoing credit crisis. Residential real estate sales activity in 2008 demonstrated that the East End is not immune to the phenomenon that has swept the nation and much of the developed world. As the number of sales declined sharply, motivated sellers responded by dropping their asking prices, driving the median price down in almost all categories.

In the midst of this, the most common question we get is also the most natural: "How much more are prices going to come down?" While it's impossible to know what the future holds, the full extent of the price decreases that began to be recorded last year are colored by their timing. But with so few transactions in the pipeline, downward pressure on prices will continue until a sense of urgency is restored for buyers.

In the last few weeks, intelligent buyers have taken the opportunity to snap up fantastic real estate at a comfortable savings. Speculative activity is certainly on the wane and the beneficiaries of the resulting drop in activity are undoubtedly those wanting to enter the East End homeowner's market.

We hope you find the Corcoran Report helpful and we welcome any questions you may have regarding it.

Sincerely,

Pamela Liebman

Pamela Liebman
Chief Executive Officer

The East End Sales Report is based on data collected from The Long Island Real Estate Report and Suffolk Profiles.

the hamptons

For the purposes of this report, the Hamptons is comprised of the Villages and Hamlets from Remsenburg to Montauk as well as Shelter Island. As evidenced below, the Hamptons region has experienced a drop in sales activity as a whole resulting in declining median sales prices, partially attributable to less sales activity in the very high end. This has created a number of opportunities for buyers searching for values in Hamptons properties as highlighted on corcoran.com/eastendvalues.

		Average Price	Median	Units	$ Volume	Comments
Amagansett	2008	2.751M	1.996M	34	93.525M	A number of deals that have gone into contract late in the fourth quarter 2008 show that there continues to be buyers who recognize the many special qualities found in Amagansett and believe in the long-term value of the area.
	Change	**+2%**	**+5%**	-61%	-60%	
	2007	2.696M	1.900M	87	234.526M	
Bridgehampton	2008	2.971M	2.100M	34	101.016M	Savvy buyers are still purchasing the properties that smart sellers have priced appropriately. 2008 sales declined but have not ceased to exist. You will find opportunities on the ocean or the bay and the incredible farm fields Bridgehampton has to offer.
	Change	**-18%**	**-30%**	-63%	-70%	
	2007	3.639M	2.995M	93	338.464M	
East Hampton	2008	1.045M	799K	165	172.482M	There's a wonderful selection of properties at all price levels available. Recent price reductions make it possible for the first time buyer to buy into the area. In all locations there are "move in" houses and terrific renovation opportunities.
	Change	**-18%**	**-10%**	-49%	-58%	
	2007	1.277M	893K	322	411.257M	
Village of East Hampton	2008	4.169M	1.900M	31	129.237M	Sales have slowed in the Village both North and South of the Highway, and is still considered a highly desirable area in which to live. Not a dramatic increase in inventory levels. The average time on the market has increased and prices have not come down.
	Change	**-18%**	**-28%**	-49%	-58%	
	2007	5.061M	2.650M	61	308.706M	
East Quogue Hampton Bays	2008	532K	427K	170	90.480M	Quogue residents are mostly seasonal. Hampton Bays (one of the largest year-round East End communities) is 12 square miles; 12 of which is land and 9.6 is water.
	Change	-28%	-22%	-48%	-63%	
	2007	736K	550K	329	242.323	
Montauk	2008	$952K	825K	54	51.411M	Montauk is the most seasonal market in the Hamptons. The growing pool of buyers are finding the beach feel and bountiful water views alluring. Over $3M still offer more bang for the buck than anywhere in the Hamptons.
	Change	-24%	0%	-55%	-66%	
	2007	1.250M	825K	121	151.244	

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		Average Price	Median	Units	$ Volume	Comments
Sag Harbor North Haven	2008	1.509M	1.062M	91	137.354M	Historic Sag Harbor maintains its uniqueness as the East End's un-Hampton. The continued growth of our beautiful harbor town is evidenced by new sales in the Village or on the water.
	Change	+14%	+6%	-50%	-43%	
	2007	1.326M	999K	181	239.952M	
Quogue Village Quiogue	2008	1.876M	1.325M	50	93.791M	The demographics are different than other Hamptons areas since the majority of residents are summer. One reason that the median price went up is the prices of the homes south of the highway. A very desirable location.
	Change	-18%	+8%	-22%	-36%	
	2007	2.279M	1.225M	64	145.876M	
Sagaponack	2008	5.069M	2.325M	25	126.725M	Once recognized as the most expensive zip code in the country, it remains very much unchanged. Today almost 50% of all homes for sale in Sagaponack are listed above $5M, however, properties exist for sale across all price points.
	Change	-9%	-38%	-24%	-31%	
	2007	5.586M	3.737M	33	184.355M	
Southampton	2008	1.362M	787K	123	167.517M	Home prices throughout the town vary from multi-million dollar homes on Peconic Bay to conservative ranches on wooded lots. The 8% decrease in the median home prices represents the higher level of transfer activity on properties priced below $1M.
	Change	+12%	-8%	-30%	-22%	
	2007	1.215M	860K	177	215.065M	
Southampton Village	2008	4.088M	1.800M	81	331.145M	Continues to remain solid and strong. We recommend to sellers to price right and look at the most recent comparable sales. This strategy gives our clients a favorable position in the market and leads to activity, showings, and offers.
	Change	-5%	-6%	-39%	-42%	
	2007	4.304M	1.925M	134	576.738M	
Wainscott	2008	2.079M	1.225M	23	47.827M	Is home to beautiful ocean beaches, pristine ponds and lush wooded acres. The Atlantic Ocean to the south, Wainscott to the west and East Hampton Village to the east, Wainscott is surrounded by some of the most expensive properties in the Hamptons.
	Change	-51%	-23%	+21%	-41%	
	2007	4.240M	1.600M	19	80.553M	
Water Mill	2008	2.999M	2.475M	38	113.966M	Water Mill is the only hamlet on the South Fork that demonstrated a positive increase in three of the four transfer categories over 2007. It also had the second highest median home price of $2.475M which was a 13% increase over 2007.
	Change	+11%	+13%	-5%	+5%	
	2007	2.706M	2.187M	40	108.255M	
Remsenburg Westhampton et. all	2008	1.228M	850K	146	179.363M	Only 90 minutes from Manhattan to the beach and bay communities. Homes can range from $500k to $5M.
	Change	-4%	-10%	-31%	-34%	
	2007	1.287M	948K	211	271.628M	
Shelter Island	2008	1.367M	920K	50	68.360M	One of the most private, serene and untouched communities on the East End. Home to miles of preserves and pristine beaches and only a short ferry ride to the North Fork or Hamptons. Shelter Island waterfront is among the best waterfront values.
	Change	-1%	+9%	-21%	-21%	
	2007	1.376M	845K	63	86.670M	
North Sea Noyac	2008	1.205M	697K	62	74.692M	North Sea and Noyak are communities in the Town of Southampton. As in any softening market, interest remains strong with waterfront communities.
	Change	+12%	-11%	-6%	+5%	
	2007	1.075M	783K	66	70.961M	

		Average Price	Median	Units	$ Volume	Comments
Hamptons Total	2008	1.681M	891K	1177	1.979B	While both units and volume saw significant declines, properly priced properties continue to attract buyers and sellers.
	Change	-8%	-8%	-41%	-46%	
	2007	1.832M	970K	2001	3.666B	

the north fork

The North Fork is comprised of the area between the Hamlets of Aquabogue and Orient. The North Fork has also experienced a decline in sales activity as a result of the current economic climate. However, unlike the Hamptons region, the North Fork is more characteristic of a community made up of primary residences and year-round homeowners.

		Average Price	Median	Units	$ Volume	Comments
Aquebogue Jamesport	2008	610K	475K	41	25.029M	Where the North Fork begins, this community enjoys working farms and breathtaking LI Sound and Peconic Bay beaches. A growing market to commuters working in NYC and Western Long Island.
	Change	**+24%**	**+1%**	-23%	-38%	
	2007	492K	467K	66	32.505M	
Cutchogue	2008	697K	492K	39	27.198M	The heart of the North Fork's farm belt offers inventory of farmhouses bordering agricultural land, hamlet-centered homes and a handful of desirable waterfront properties. A number of vineyards and agricultural properties have come on the market.
	Change	**-5%**	**-15%**	-43%	-46%	
	2007	735K	580K	68	50.001M	
Greenport Greenport Village	2008	419K	365K	80	33.514M	Greenport realized one of the steeper sales and price declines on the North Fork though several commercial properties within the Village Center moved in 2008 and are being redeveloped.
	Change	**-23%**	**-16%**	+21%	-7%	
	2007	544K	437K	66	35.940M	
Mattituck Laurel	2008	695K	490K	47	32.670M	Mattituck has a large amount of inventory of middle and lower market homes and select waterfront properties.
	Change	**+3%**	**+1%**	-43%	-42%	
	2007	675K	485K	83	56.043M	
East Marion Orient	2008	712K	620K	40	28.491M	The Eastern tip of the North Fork remains a niche market with higher end and waterfront properties trading stronger than middle and lower market properties.
	Change	**-5%**	**+10%**	-38%	-41%	
	2007	747K	565K	65	48.571M	
Southold	2008	621K	506K	90	55.892M	In Southold's cooling market, higher end property sales were the strongest in this hamlet.
	Change	**-5%**	**+1%**	-22%	-26%	
	2007	653K	499K	115	75.775M	
Peconic	2008	2.716M	1.200M	11	29.878M	Peconic is home to two historic sales, both transacted by Corcoran Group in 2008 thus accounting for dramatic increases in sales volume and average price trends in this tiny hamlet. Waterfront and wooded properties remain very sought after here.
	Change	**+241%**	**+92%**	-35%	+121%	
	2007	796K	625K	17	13.532M	

		Average Price	Median	Units	$ Volume	Comments
North Fork Total	2008	668K	470K	348	232.672M	Like other East End markets the North hamlets have seen a decline. Properly priced properties continue to attract attention, and present good value to savvy buyers.
	Change	**+3%**	**-6%**	-27%	-25%	
	2007	649K	500K	480	312.369M	

the east end markets combined

This comprises a snapshot of the entire East End Market when combining all statistics. These are the markets in which all competitive East End Real Estate companies work.

		Average Price	Median	Units	$ Volume	Comments
Total	2008	1.450M	767K	1525	2.212B	Both North and South Forks have experienced similar declines in median price, units sold and volume.
	Change	-10%	-8%	-39%	-44%	
	2007	1.603M	835K	2482	3.979B	

the luxury market

The luxury market is defined as the top 10% of all sales made within the period being reported. As various factors redefine the "high end" market in any given period, these numbers may demonstrate more radical changes.

		Average Price	Median	Units	$ Volume	Comments
South Fork Shelter Island	2008	7.544M	5.325M	117	882.678M	The South Fork Luxury market decline was representative of the South Fork as a whole.
	Change	-7%	-3%	-42%	-45%	
	2007	8.081M	5.500M	200	1.616B	
North Fork	2008	2.292M	1.825M	34	77.944M	The North Fork Luxury market saw an increase in average and median price while experiencing a slight drop in volume and a much greater drop in units indicating some unusually large transactions have taken place.
	Change	+29%	+14%	-29%	-9%	
	2007	1.778M	1.595M	48	85.344M	

the land market

The land market is defined as the total sales of all vacant land on the East End regardless of the zoning classification.

		Average Price	Median	Units	$ Volume	Comments
South Fork Shelter Island	2008	1.514M	640K	142	214.939M	Median price remained static while units and volume declined significantly.
	Change	-29%	+1%	-49%	-64%	
	2007	2.131M	633K	277	590.157M	
North Fork	2008	1.352M	567K	33	44.603M	Units were down sharply while price and volume increased significantly indicating a greater number of higher priced parcels sold in 2008.
	Change	103%	+26%	-41%	+19%	
	2007	667K	450K	56	37.356M	

the commercial market

As our economy experiences more volatility, the East End Commercial market is experiencing a greater degree of price fluctuation than has historically been evident. The commercial market represents all commercial sales and is not representative of rents for commercial space.

		Average Price	Median	Units	$ Volume	Comments
South Fork Shelter Island	2008	2.637M	1.150M	42	110.756M	Commercial activity has also suffered a decline in the current year as speculation in real estate as an investment opportunity has declined.
	Change	+5%	-33%	-59%	-57%	
	2007	2.500M	1.715M	102	255.021M	
North Fork	2008	902K	680K	21	18.947M	The North Fork experienced less of a decline as many commercial investors remain local and in many instances represent owner occupied properties.
	Change	-17%	-16%	+5%	-12%	
	2007	1.081M	813K	20	21.615M	

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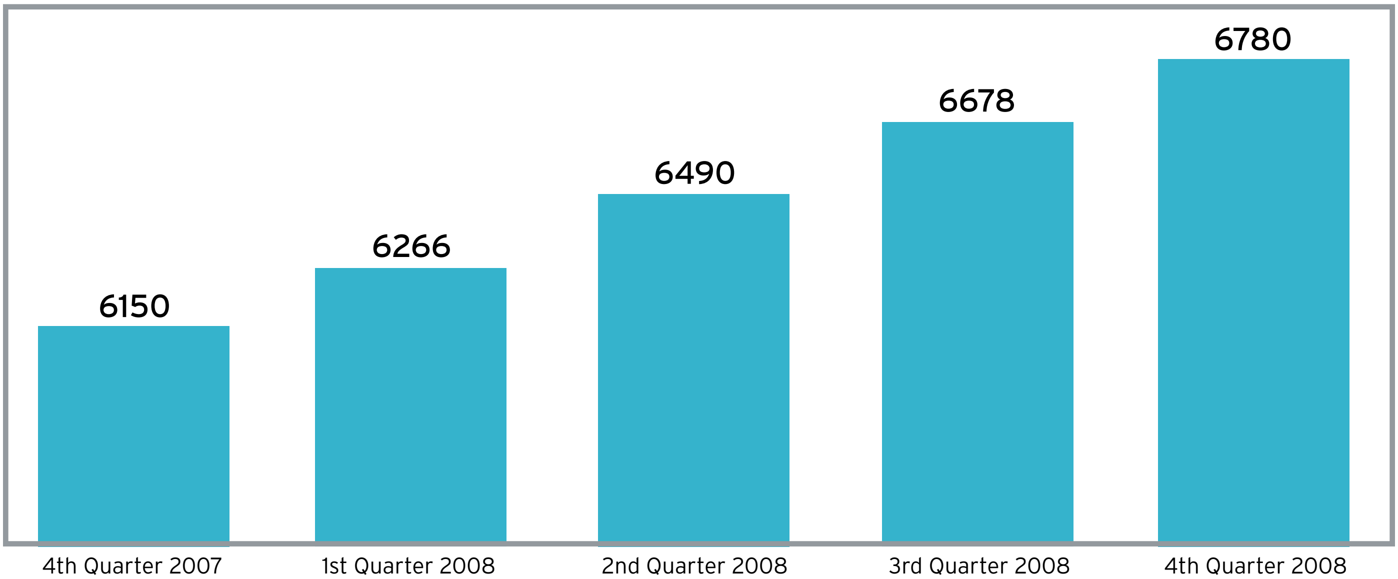
the inventory

The inventory is the total number of properties for sale on the East End and available through the Corcoran listing system. Inventory has been steadily increasing during the course of the recent economic downturn as evidenced by the chart below.

average quarterly inventory 4th quarter 2007 through 4th quarter 2008



the sales volume

Sales volume, while somewhat seasonal on the East End of Long Island typically witnesses a rise in activity during the second and fourth quarter of each calendar year. However, as a result of macroeconomic influences, sales activity was down significantly in the first quarter of 2008, resulting in increased sales volume overall in the fourth quarter, primarily in lower end sales.

average quarterly volume of east end 4th quarter 2007 through 4th quarter 2008