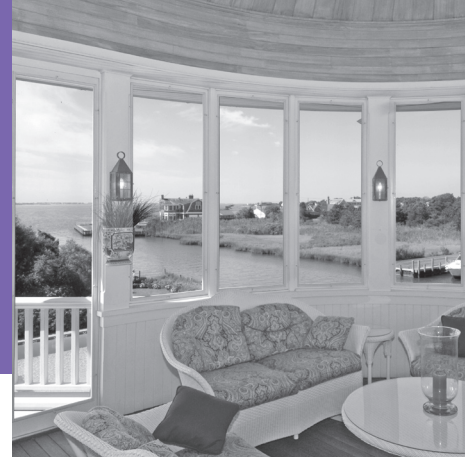


HAMPTONS NORTH FORK

Market Overview

A Quarterly Survey of The Hamptons & North Fork Residential Sales

3Q 10



Prepared by Miller Samuel Inc.
Appraisal and consulting services covering
the New York City metropolitan area

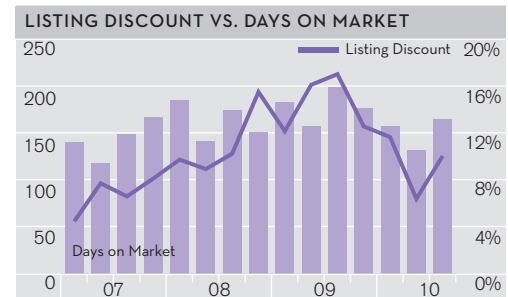
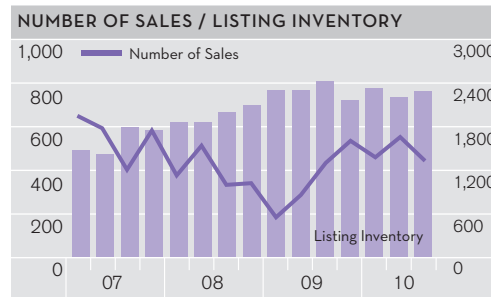
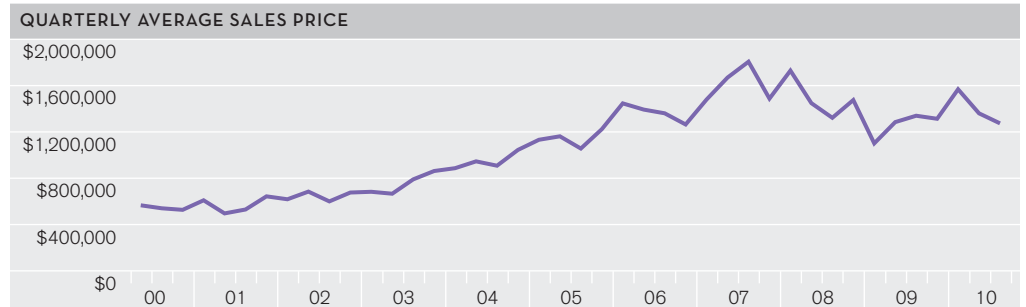
Inventory and price indicators below prior year levels

Price indicators below prior year quarter and prior quarter levels The median sales price of an East End residential property was \$625,000, 10.7% below \$700,000 in the same period last year and 19.4% less than \$775,000 in the prior quarter. Average sales price followed the same pattern falling 4.9% to \$1,273,775 in the third quarter from \$1,339,510 in the prior year quarter and falling 6.3% from \$1,360,044 in the prior quarter. The pronounced downward direction of both price indicators was due to the shift away from the elevated number of high-end sales in the prior quarter. This shift was apparent in the quintile analysis that divides the market into five equal segments by median sales price. The top two market quintiles showed declines while the bottom three quintiles showed increases.

Number of sales above prior year levels

There were 469 sales in the third quarter, 2.2% above 459 sales in the same period last year, but 19.4% below 582 sales in the prior quarter. The pronounced decline from the prior quarter marks a return to seasonality. For the past decade, the average decline between the second and third quarters was 17.1%. The prior year was the only time an increase occurred in the same period, further evidence of the unusual pattern of sales activity seen in 2009 after the Lehman tipping point. For the past two years or eight quarters, listing inventory has ranged from 2,079 to 2,419,

HAMPTONS/NORTH FORK MARKET MATRIX	Current Qtr	% Chg	Prior Qtr	% Chg	Prior Year Qtr
Average Sales Price	\$1,273,775	-6.3%	\$1,360,044	-4.9%	\$1,339,510
Median Sales Price	\$625,000	-19.4%	\$775,000	-10.7%	\$700,000
Number of Sales	469	-19.4%	582	2.2%	459
Days on Market (from Last List Date)	164	25.5%	131	-17%	198
Listing Discount (from Last List Price)	10%		6.4%		16.9%
Listing Inventory	2,271	3.7%	2,190	-6.1%	2,419



a relatively tight spread of 340 units. Listing inventory in the third quarter was in the middle of this range at 2,271 units, 6.1% below the prior

year quarter and two year peak of 2,419, but 3.7% above 2,190 seen in the prior quarter. The monthly absorption rate—the number of months

to sell all existing inventory at the current pace of sales—was 14.5 months, below 15.8 months in the prior year quarter, but above 11.3 months in the prior quarter.

Days on market and listing discount contracted

The listing discount—the percentage difference between the list price at time of contract and the contract price—was 10%, below 16.9% in the prior year quarter, but above the 6.4% of the prior quarter. Days on market—the number of

days between the date of the last price change, if any, to the contract date—also showed a similar trend. Properties sold an average of more than one month faster than the same period last year. Days on market was 164 days compared to 198 days in the prior year quarter, but 33 days longer than the prior quarter.

Seasonality returns as high-end market took a breather

The decline in sales from the prior quarter was consistent with historical averages

of the past decade. The rise in housing price indicators eased in the third quarter as activity in the high end market fell. Regional unemployment levels remain a concern, the Wall Street year end bonus picture is not yet clear and mortgage underwriting remains tight. The expiration of the federal tax credit played a limited role in the market this quarter as participants continued to take advantage of lower price levels and record low mortgage rates.

HAMPTONS market

Price indicators fell due to shift in mix

Number of sales trended higher than prior year quarter

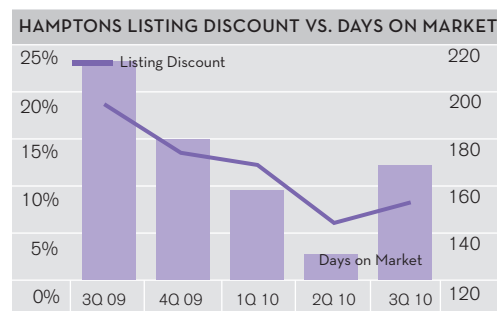
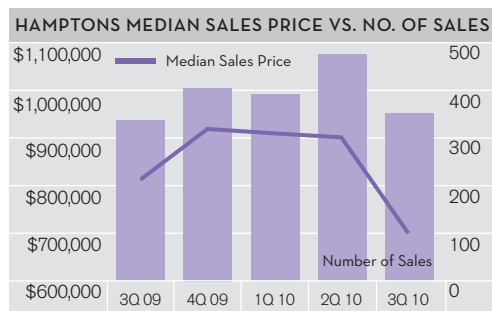
There were 354 sales in the third quarter, 4.4% more than 339 sales in the same period last year, but 26.1% less than the 479 sales in the prior quarter. The prior quarter total had been the highest number of sales since the first quarter of 2007. Listing inventory has trended lower over the past year as demand increased. There were 1,583 units available at the end of the third quarter, 8.8% less than 1,735 units in the same period last year, but 1.2% above the 1,564 seen in the prior quarter. The Hamptons accounted for 75.5% of all East End sales in the third quarter edging up from 73.9% in the same period last year. With a higher price point than the North Fork, the Hamptons market accounted for 87.7% of total sales dollars, essentially unchanged from the prior year quarter. As a result of the modest increase in sales and decline in inventory, the absorption rate fell to 13.4 months from 15.4 months in the same period last year.

Price indicators fell due to fewer high-end sales

Median sales price was \$696,000 in the third quarter, 14.1% below \$810,000 in the prior year quarter and 22.7% less than \$900,000 in the prior quarter. Medians sales price was at its lowest level since the first quarter of 2009, which was notable for its limited activity at the upper end of the market. Average sales price showed the same pattern with a 5.8% decline to \$1,479,177 in the third quarter from \$1,571,029 in the prior year quarter and 2.6% below \$1,518,602 in the prior quarter. The market by quintile

Hamptons Market Matrix	Current Qtr	% Chg	Prior Qtr	% Chg	Prior Year Qtr
Average Sales Price	\$1,479,177	-2.6%	\$1,518,602	-5.8%	\$1,571,029
Median Sales Price	\$696,000	-22.7%	\$900,000	-14.1%	\$810,000
Number of Sales	354	-26.1%	479	4.4%	339
Days on Market (from Last List Date)	169	29%	131	-20.6%	213
Listing Discount (from Last List Price)	8.2%		6%		18.7%
Listing Inventory	1,583	1.2%	1,564	-8.8%	1,735

Hamptons Submarket/Median Sales Price	Current Qtr	% Chg	Prior Qtr	% Chg	Prior Year Qtr
North of Highway (Route 27)	\$675,000	-21.5%	\$860,000	12.5%	\$600,000
South of Highway (Route 27)	\$785,000	-21.1%	\$995,000	-57.3%	\$1,840,000
East of Shinnecock Canal	\$840,000	-15.6%	\$995,000	-14.5%	\$982,500
West of Shinnecock Canal	\$490,000	-20.6%	\$617,500	-10.9%	\$550,000



analysis showed double-digit declines in median sales price in the top three quintiles and more strength in the bottom two quintiles, due to the decline in the number of higher-end sales. The top three quintiles saw a year over year decline in quarterly median sales price, from top down of 18.9%, 25% and 14.1%. The bottom two quintiles from top down showed a decline of 5.6% and an increase of 1.8% over the same period.

QUINTILES / Median Sales Price by No. of Sales / HAMPTONS	Current Qtr	% Chg Prior Year Qtr
5/5	\$2,950,000	-18.9%
4/5	\$1,125,000	-25%
3/5	\$696,000	-14.1%
2/5	\$490,000	-5.6%
1/5	\$275,000	1.8%

Days on market and listing discount declined

A Hamptons property that sold in the third quarter took an average of 169 days to sell, more than a

month and a half faster than the 213 days in the same period last year, but a month slower than 131 days in the prior quarter. Listing discount

followed the same pattern falling to 8.2% from 18.7% in the prior year quarter, but up from 6% in the prior quarter. The easing in these indicators from the prior quarter represent seasonal changes from the peak quarter 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 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. However despite this current relationship, the limited amount of high end activity to the south of the highway was reflected in the sharp drop in the number of high end sales, not a drop in actual price levels. Properties located south of the highway had a median sales price of \$785,000, 57.3% below \$1,840,000 in

the prior year quarter and 21.1% below the prior quarter result of \$995,000. Properties to the north of the highway had a median sales price \$675,000, up 12.5% from \$600,000 in the prior year quarter, but 21.5% below \$860,000 in the prior quarter. Properties located east of the canal had a median sales price of \$840,000, 14.5% below \$982,500 in the prior year quarter and 15.6% below the prior quarter result of \$995,000. Properties to the west of the canal fell 10.9% to \$490,000 from \$550,000 in the same period last year and declined 20.6% from \$617,500 in the prior quarter.

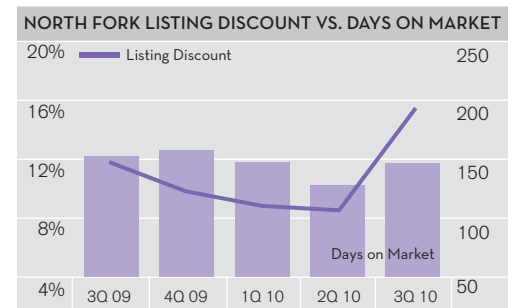
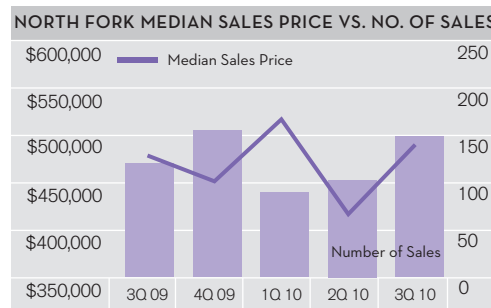
NORTH FORK market

Number of sales rose again as price indicators were mixed

Number of sales increased as listing inventory stabilized There were 115 sales in the third quarter, 4.2% below 120 sales in the prior year quarter, but 11.7% above the 103 sales in the prior quarter. Listing inventory was unchanged at 688 units in the third quarter compared to 684 in the same period last year, but up 9.9% from 626 in the prior quarter. The absorption rate was elevated, but stable over the past year. The third quarter rate was 17.9 months, up nominally from 17.1 months in the same period last year, but down nominally from 18.2 months in the prior quarter. North Fork market share of East End sales was 24.5% in the third quarter, down from 26.1% in the same period last year. Market share based on total sales dollars was 12.3%, down from the prior year quarter result of 13.4%.

Price indicators mixed The median sales price of a North Fork residential sale in the third quarter was \$489,000, up 2.4% from \$477,500 in the prior year quarter and up 17.8% from \$415,000 in the prior quarter. Average sales price showed more weakness with a 6.4% decline to \$641,495 from \$685,467 in the prior year quarter, but increased 3% from \$622,674 in the prior quarter. Broken out by quintiles, the median sales price compared to the prior year quarter was mixed

NORTH FORK MARKET MATRIX	Current Qtr	% Chg	Prior Qtr	% Chg	Prior Year Qtr
Average Sales Price	\$641,495	3%	\$622,674	-6.4%	\$685,467
Median Sales Price	\$489,000	17.8%	\$415,000	2.4%	\$477,500
Number of Sales	115	11.7%	103	-4.2%	120
Days on Market (from Last List Date)	149	14.6%	130	-3.6%	155
Listing Discount (from Last List Price)	15.5%		8.5%		11.8%
Listing Inventory	688	9.9%	626	0.6%	684



with no clear pattern: first quintile was up 3.2% to \$280,000; second quintile was unchanged at \$365,000; third quintile was up 2.4% to \$489,000, fourth quintile was down 5.1% to \$650,000; fifth quintile was up 3.9% to \$1,325,000. Total sales dollars were at their second highest level in two years at \$73,771,957.

Listing discount trended higher Days on market was 149 days in the third quarter, 6 days faster than the 155 days in the prior year quarter, but 19 days slower than 130 days seen in the prior quarter. Listing discount showed a greater spread between buyer and seller rising to 15.5%

QUINTILES / Median Sales Price by No. of Sales / N. FORK	Current Qtr	% Chg Prior Year Qtr
5/5	\$1,325,000	3.9%
4/5	\$650,000	-5.1%
3/5	\$489,000	2.4%
2/5	\$365,000	-0.2%
1/5	\$280,000	3.2%

from 11.8% in the same period last year and up from 8.5% in the prior quarter.

LUXURY *market*

Listing inventory increased as price indicators were mixed

Drop in high-end sales resulted in mixed price indicators

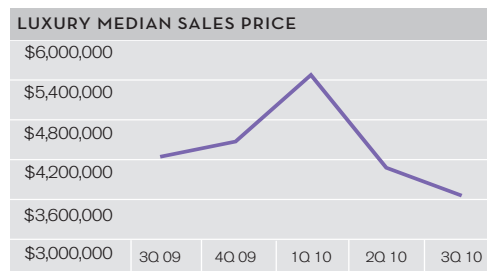
There were 11 sales that sold at or above \$5 million in the third quarter, down sharply from 20 sales in the prior year quarter and half the 22 sales total of the prior quarter. As a result, the median sales price was skewed lower. The median sales price of an East End luxury property was \$3,700,000, 13.5% below \$4,275,000 in the same period last year and 10% less than \$4,112,500 of the prior quarter. Average sales price was up 8.1% to \$6,311,557 in the third quarter from \$5,836,304 in the prior year quarter and up 16.8% from \$5,403,784 in the prior quarter. The low end of the luxury market, which is the top 10% of all sales began at \$2,550,000, the first time this indicator has fallen below \$3,000,000 in more than a year.

Listing inventory and listing discount expanded The number of days to sell a luxury property was 137 days, down sharply from 175

LUXURY MARKET MATRIX	Current Qtr	% Chg	Prior Qtr	% Chg	Prior Year Qtr
Average Sales Price	\$6,311,557	16.8%	\$5,403,784	8.1%	\$5,836,304
Median Sales Price	\$3,700,000	-10%	\$4,112,500	-13.5%	\$4,275,000
Number of Sales	47	-19.0%	58	2.2%	46
Days on Market (from Last List Date)	137	-4.2%	143	-21.7%	175
Listing Discount (from Last List Price)	5.9%		11.8%		17.1%
Listing Inventory	392	31.1%	299	26.9%	309

TOP 5 LOCATIONS by Average Sales Price	Current Qtr (No. of Sales)	Prior Qtr (No. of Sales)	Prior Year Qtr (No. of Sales)		
Westhampton (1)	\$13,000,000	Sagaponack (4)	\$14,125,000	Southampton (6)	\$9,075,833
Amagansett (1)	\$10,350,000	Southampton (11)	\$5,390,909	East Hampton (6)	\$8,069,167
Sagaponack (4)	\$7,593,298	East Hampton (8)	\$5,367,500	Sagaponack (4)	\$6,558,750
East Hampton (11)	\$7,585,909	East Quogue (1)	\$5,050,000	Bridgehampton (11)	\$5,318,182
Bridgehampton (5)	\$6,720,000	Amagansett (8)	\$4,959,375	Montauk (2)	\$5,000,000

days in the prior year quarter and down from 143 days in the second quarter. Listing discount was 5.9%, down from 17.1% in the same period last year and down from 11.8% from the prior quarter. Listing inventory also expanded over the past year, up 26.9% to 392 from 309 units in the prior year quarter and up from 299 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*

Number of sales and price indicators above prior year

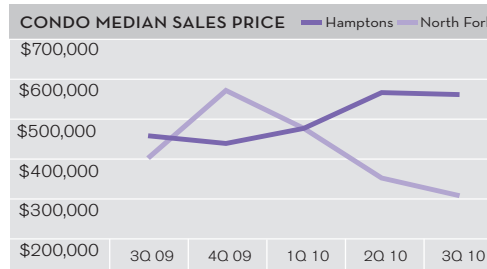
Number of sales trended higher There were 24 condo sales in the third quarter, one more sale than the same period last year, but 7 fewer sales than the prior quarter total. The decline from the prior quarter is assumed to be the result of the expiration of the federal tax credit that resulted in elevated sales activity in the prior quarter. The Hamptons accounted for 79% of condo sales in the third quarter, consistent with the overall market breakdown. Listing inventory declined 9.9% to 119 from 132 in the prior year quarter, but increased 7.1% from 111 in the prior quarter.

Price indicators rose The median sales price of an East End condo was \$560,000, 29.5% above \$432,500 in the prior year quarter and 14.1% above \$491,000 in the prior quarter. Average

CONDO MARKET MATRIX	Current Qtr	% Chg	Prior Qtr	% Chg	Prior Year Qtr
Average Sales Price	\$561,322	-6.4%	\$599,577	9.2%	\$514,036
Median Sales Price	\$560,000	14.1%	\$491,000	29.5%	\$432,500
Number of Sales	24	-22.6%	31	4.3%	23
Days on Market (from Last List Date)	119	7.1%	111	-9.9%	132
Listing Discount (from Last List Price)	7.1%		6.8%		9.6%
Listing Inventory	85	-45.2%	155	2.4%	83

MEDIAN SALES PRICE (% Share / No. of Sales)	Current Qtr	% Chg	Prior Qtr	% Chg	Prior Year Qtr
The Hamptons	\$560,000 (79%)	-0.9%	\$565,000 (84%)	22.7%	\$456,350 (61%)
The North Fork	\$305,500 (21%)	-12.7%	\$350,000 (16%)	-23.6%	\$400,000 (39%)

sales price was up 9.2% to \$561,322 in the same period last year, but 6.4% below \$599,577 in the prior quarter. The small size of the condo housing market, which represents 5.1% of all sales activity results in more volatility of the price indicators. The general pattern for condo price indicators was considered stable over the past year.



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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