



All Eyes on Interest Rates

What goes up, must come down — and sooner than later is certainly the hope when it comes to skyrocketing mortgage interest rates. While rates were at historic lows during most of the pandemic, current home buyers aren't enjoying that luxury. Historically high inflation and recent Federal Reserve decisions have driven up interest rates to the highest level since 2019. Low inventory and high demand mean home prices aren't coming down, either, and it all puts tremendous pressure on potential buyers. As interest rates continue to climb, we asked those in the know: How has this affected the Hamptons real estate market? And what do they predict for the rest of 2022?

Hara Kang - THE ATLANTIC TEAM
DOUGLAS ELLIMAN

Currently, we're seeing that our typical clients are financing 50% of their purchase price, but buyers in the lower end of the price range are financing from 50 to 75% percent. One effect of the rising interest rates we've seen in the Hamptons is that buyers are now holding off on land acquisition, whereas in 2021, preconstruction deals were all the rage, with buyers willing to wait a year to have a newly built home. We're also seeing even more cash buyers in the Hamptons than ever before. These buyers see an opportunity in this market, as an all-cash offer puts them in a better position than competing offers. Supply is still very low, and we don't see inventory outpacing demand any time soon. While prices are at record highs, I think we can expect to see them level off in the rest of 2022.

