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Ranking the East End's biggest brokerages

The Hamptons' top residential firms beef up to capitalize on the active sales market

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By C. J. Hughes



As spring turns to summer, and East End sales prices and activity increase like traffic on Route 27, the Hamptons' top residential brokerages are making sure that they're along for the ride.

Building on their gains from last year, these firms continue to pad their ranks with new agents, to a degree not seen in years.

In fact, nine of the 10 largest firms added agents in 2014, according to The Real Deal's annual ranking of the East End's largest residential brokerages — which includes the Hamptons on the South Fork, as well as the North Fork and Shelter Island.

All told, the 10 largest firms in the second-home destination, whose fortunes largely rise and fall in tandem with New York City's, now have 1,421 real estate agents — up from 1,277 in 2013, an 11 percent increase.

By comparison, between 2012 and 2013, the totals increased from 1,230 agents to 1,277, a rise of 4 percent. (TRD tallied agent counts from the firms' websites and from company sources.)

For many, boosting head counts is an expression of rising confidence in a market where median sales prices have jumped nearly 20 percent in a year, according to some market reports.

"I can honestly say that everybody was holding on tight after the recession, but we're starting to exhale now," said Judi Desiderio, the founder and president of Town & Country Real Estate, the third-largest firm on TRD's ranking with 147 brokers, up from 130 last year.

Gold rush

Douglas Elliman, which has nine offices in the area, ranked as the largest East End firm, just as it had in 2013. In this year's tally, it had 370 agents, up from 337 in 2013.

One reason for Elliman's big head-count bump is that the firm is staffing up a planned office in Greenport, which will be its second on the North Fork after Mattituck. The office will be located across the street from the iconic carousel in the compact waterside village.

"It's like Sag Harbor was 10 years ago," said Paul Brennan, Elliman's regional manager for the Hamptons. "Europeans really like that they can walk everywhere."

Elliman's Southampton office is also getting bigger, going from 2,000 to 3,000 square feet; the same goes for its Bridgehampton address, Brennan said.

But Brennan acknowledged that head counts are only one metric in evaluating the strength of firms.

"It doesn't mean these agents are setting the world on fire right away. Good agents have to build momentum, year after year," he told TRD, striking a philosophical tone.

In fact, about two-thirds of them are novices, he said. "Everybody thinks there's gold in them thar hills."

To strike it rich, brokers may not have to look that far perhaps. In 2014's first quarter, the median sales price on the South Fork was \$880,000, a 19 percent year-over-year increase, according to an Elliman market report.

At the same time, there were 528 closed deals, up from 347 in the same period in 2013, or a 52 percent hike, the report shows. The report, however, also points out that the year-ago quarter was a bit quiet after a big home buying rush at the end of 2012 as purchasers scurried to avoid tax increases connected to the "fiscal cliff."

And the sanguine news can't mask that there still are pockets of softness in the market, with inventory increasing.

In addition, some ultra-high-end properties are struggling. For example, the eight-bedroom, 20,000-square-foot home on Mecox Bay in Water Mill that Brennan is listing for \$58.5 million with other Elliman brokers is still sitting, more than a year after coming onto the market.

The home, which is one of the area's most expensive, is owned by investor Andrew Borrok, and was originally listed in 2010 at the same price with Sotheby's.

For his part, Brennan said that properties in the ultra-luxury bracket are mostly one-of-a-kind and don't always conform to market trends. "A lot of these guys don't really have to sell, so they don't have to lower their prices," he added.

But the high end is hardly flat overall. There were 37 sales at or above \$5 million in the first quarter, the fourth-highest total since 2006, the Elliman report said. And a recent \$147 million sale set an all-time price record for the Hamptons — and for the U.S. (see "Pricey Hamptons homes shatter records").

Still, Brennan said that the hottest price category at the moment is from \$1 million to \$5 million.

Meanwhile, the second-largest East End firm, the Corcoran Group, had 342 agents, up from 325 last year. Ernest Cervi, who manages Corcoran's 10 Hamptons offices, said a number of those agents are new hires. While most of those new hires have no real estate experience, Cervi said the company's extensive referral network would give them a leg up.

He also said the firm is tentatively planning to open an 11th office on the South Fork in 2015.

From concrete to sand

Elliman and Corcoran are not the only powerhouse New York City firms that have replicated their big footprints in the Hamptons.

Brown Harris Stevens, for instance, ranked fourth by agent headcount with 138 agents, up from 125 in 2013. A company spokesperson referred calls to Aspasia Comnas, who manages the firm's nine Hamptons offices but did not respond to requests for comment. Similarly, another big New York City firm, Sotheby's International Realty, took the seventh spot. It has 101 agents, roughly the same as last year's 100 and up from 87 in 2012.

But in a reminder that it's not always the largest firms that have a hand in the top deals, Sotheby's saw a large number of sales — 32 to be exact — over \$10 million this past year, according to a firm spokeswoman. In addition, the high-end firm was involved in the \$75 million mega-sale of shoe designer Vince Camuto's Southampton estate. The property went into contract last August and closed in December, said Corcoran's Tim Davis, who had the co-exclusive along with three other brokers.

Sotheby's flat growth in agent count is partly because the firm, which has four offices, experienced a 15 percent turnover in the past year, said John Gicking, Sotheby's Hamptons' manager, who attributed the churn to normal newbie attrition.

But expansion may be on the horizon. Gicking said that Sag Harbor, where there is already a small office, "has become a priority in terms of recruiting."

Condos and rentals

This year, Sag Harbor, the waterfront village and former whaling port, welcomed Watchcase, a conversion of a factory into 64 condos. The project was three-quarters sold out as of last month, despite the fact that construction is not finished. (The project was marketed by Corcoran Sunshine, which was not included in TRD's tally because it exclusively does new development.)

Though Sag Harbor limits the number of units per project and requires affordable housing, the condo market there is considered untapped.

Indeed, a half-built condo project on West Water Street, first proposed in 2006, is being reborn now as Harbor's Edge after a gut renovation. The project has 15 two- and three-bedroom units, plus three penthouses. Halstead Property, the ninth-largest firm on TRD's ranking, will handle sales, which are to start within weeks.

"Logically, as the population grows older and people downsize, they will be looking for homes like that," Gicking said, adding that he is hopeful that the Panoramic View Resort and Residence in Montauk will trade hands and also go condo, now that the former owner Brian Callahan has pleaded guilty to a \$96 million Ponzi scheme designed to keep it afloat.

Meanwhile, the Hamptons rental market is unusually soft this year (see "Ritzy rentals lag on East End") and some are concerned that the conditions may have an effect on the sales market.

Sources said that buyers used to plunk down for trophy homes knowing that they could recoup much of their investment capital through summer leases. But that hasn't been the case this year.

For instance, Gicking said a client recently bought a \$3.5 million home in Amagansett with plans to rent it for \$250,000 for 10 weeks this summer. While in past summers that rental price would have been attainable, it's not a sure thing this year, he said.

Without the guarantee of that cushion, Gicking added, some sales could be jeopardized.

Impressive indies

For all the advantages a city brand can convey, some independent local firms also showed they could go toe to toe with the bigger players. Joining Town & Country in the top five on TRD's ranking was Saunders & Associates, the fifth-largest firm.

Town & Country's Desiderio said that a looser approach can stimulate entrepreneurship.

"Certain agents really thrive in a hyper-structured environment, and so they should stay with the corporates," she said. "Our motto is 'less is more.' It's not about cubicles here."

Unlike, say, Elliman, Town & Country also doesn't recruit many neophytes: Only three of the 17 agents Desiderio hired this year are first-timers. That's because they usually have an 80 percent dropout rate, she said.

But a slight increase was necessary in part to meet the demand for homes priced for less than \$1 million on the North Fork, where the firm has two of its eight offices, Desiderio said.

The Hamptons' biggest firms					
RANK	2014	2013	FIRM	NUMBER OF AGENTS	
				2014	2013
1	1		Douglas Elliman	370	337
2	2		The Corcoran Group	342	325
3	3		Town & Country Real Estate	147	130
4	4		Brown Harris Stevens	138	125
5	5		Saunders & Associates	128	104
6	7		Nest Seekers International	106	49
7	6		Sotheby's International Realty	101	100
8	8		Daniel Gale Sotheby's International Realty	48	41
9	10		Halstead Property	36	30
10	9		Century 21 Albertson Realty	28	36

Source: Agent numbers are from firms' websites and from company officials as of late last month. Figures do not include managers and administrative personnel.

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Meanwhile, Saunders & Associates added 24 agents this year, bringing it up to 128. Company founder and head Andrew Saunders said that measuring firms by their agents alone is limiting. He maintained that in the middle of last month the firm had 353 exclusives worth about \$1.15 billion.

Saunders, which has two offices, is now planning a third, in East Hampton — a 5,200-square-foot space at 26 Montauk Highway — this fall. Eleven more agents will likely join around then, he said.

Saunders noted that homes priced for less than \$2 million in the woody Springs section of East Hampton are popular.

In general, he said the spec-home market has rebounded nicely, adding that his firm has a 10-person team dedicated to marketing them.

But trophy homes are still selling for below asking prices, though the discount has narrowed to 10 percent now, versus 50 percent in 2009, he said.

Newcomers coming up

Relative Hamptons newcomers also made inroads this year.

Nest Seekers International opened its first Hamptons office in 2011. This year, it charts at sixth place, around where it has hovered for the last few years. But its roster of agents has expanded sharply, with 106, up from 49 last year, for the biggest spike on the list.

Some of those new agents were needed to staff a new Westhampton office that opened in January. That office joined the firm's Bridgehampton outpost, which cut its ribbon last winter.

Geoff Gifkins, Nest Seekers' regional manager, said the Westhampton office would be key to increasing business because the area is seeing an uptick in interest, with properties there relatively undervalued. He said Westhampton's oceanfront Dune Road is primed for new development.

Plus, as complaints mount about traffic on Route 27, Westhampton's closer proximity to Manhattan — it's about 80 miles away to East Hampton's 100 — has become a huge selling point, he said.

Gifkins added that having just two Hamptons offices is a blessing, because the company, unlike some larger firms, won't be saddled with the debt of underperforming offices.

"All our offices are profitable," he said.

Halstead, another relative East End newcomer, meanwhile, also upped its headcount slightly, to 36 in 2014, from 30 in 2013.

Halstead, which has a major presence in New York City, first put down roots in the Hamptons in 2011 with the purchase of Devlin-McNiff, a local firm. It has a pair of offices on the South Fork, in Southampton and East Hampton.

In addition, Daniel Gale Sotheby's International Realty, which has four North Fork offices, increased its headcount. The Long Island-based Sotheby's franchise claimed eighth place this year with 48 agents, up from last year's 41.

Daniel Gale was also responsible for more than 40 percent of the market share of properties priced at \$2 million and up in the past year on the North Fork, claimed Carol Tintle, its regional manager.

Most North Fork buyers want to be on Peconic Bay, added Tintle, who lives on the South Fork, but she said that Greenport fixer-uppers are trading, too.

As some firm grew in size, some clearly lost ground.

Century 21 Albertson Realty, another North Fork specialist, continued its slide, from 36 agents in 2013 to 28 in 2014, after a dip in 2012. A message left for Tom Scalia, its owner, was not returned.

But with gains at the other nine top firms, the summer buying and selling seasons is looking strong, said Anthony DeVivio, Halstead's Hamptons director.

"Prices are close to last year and holding," he said. "It's a nice, orderly market."



From left: Corcoran's Ernest Cervi, Town & Country's Judi Desiderio and Saunders & Associates' Andrew Saunders