

## The Hamptons summer rental market is running hot and cold

Even as asking prices hit record highs, some luxury listings are quietly cutting their prices or extending the length of time offered for the same cost

Judith Messina | July 1, 2016



*The Southampton Riklis estate has been on the summer rental market for months.*

If hope springs eternal, then the record \$2.5 million full-season rental listed in Southampton could be exhibit A. Owned by philanthropist Marcia Riklis, the 18,000-square-foot mansion on the prestigious Meadow Lane — complete with a gym, a private dock and servants' quarters — has been on the Hamptons summer rental market since December. As of June, it still had no takers.

Another eight properties on the storied East End of Long Island had summer rental asking prices of \$1 million or more at the start of June, up from three at about the same time in 2015, according to listing service Hamptons Real Estate Online (HREO). One Bridgehampton South property was listed in mid-June for \$1 million for a single month, in July or August, and \$550,000 for shorter stays.

Many other luxury properties were still available, for prices ranging between \$500,000 and \$800,000 for the full season, which runs from Memorial Day to Labor Day, according to HREO.

Summer rental asking prices in the Hamptons have been on the rise in recent years, as Wall Street has rebounded from the recession. "The question is whether the trend goes beyond a month or a partial season," said Tim Davis of Corcoran. "Is there someone who wants to be here for the full season and spend that kind of money?"

Indeed, many summer renters have noted a preference for brief stays. "People now want shorter time periods, even two-week and one-week rentals," said Davis, a Hamptons real estate veteran who is the listing agent for the Riklis estate.

This season's Hamptons rental market has been soft in other ways, too.

Notwithstanding the ambitious asking prices for some trophy properties, the median asking price to rent a house for the full season is \$45,000, unchanged from where it had been in the previous year, according to Nicholas Colas, chief market strategist at the brokerage and trading firm Convergex Group. Although \$45,000 may sound like a bargain compared to the headline-grabbing asking prices, "it's more than the average American makes," Colas said.

The bad weather this spring and the choppy stock markets are being blamed for weak demand, while on the supply side, new construction has put more inventory on the market. "The rental market this year is probably one of the worst we've seen," said Judi Desiderio, CEO of Town & Country Real Estate. "Relatively speaking, to rent a house right now is such a bargain."

Some owners are offering substantial discounts for long-term stays. A listing that Desiderio has at 59 Middle Lane in East Hampton was offered at \$100,000 for the month of July and then at \$120,000 from August through Labor Day. For the entire season, it was listed at \$180,000, \$40,000 less than the asking price for July and August separately.

Many prospective renters have been waiting for deals, and it looks like they might not be disappointed. Realtors predict that some owners who haven't been able to rent out their homes by midsummer will either throw in more time or cut prices, perhaps as much as 20 to 25 percent, particularly on properties for which the asking prices were raised this year.

Owners whose summer rentals are lingering on the market e-mail every day, saying that they are willing to lower their asking prices and reminding him that their houses are still available, said Kevin Sneddon, the CEO of Private Client Realty, a Greenwich, Connecticut, firm that deals in properties in Manhattan, Greenwich and the Hamptons.

The resulting price reductions, according to brokers, present good values — at least by Hamptons standards. Sources say that a home in the Barn & Vine development in Bridgehampton that was offered at \$125,000 for about one month, from August through Labor Day, was still on the market in mid-June — but at an asking price of \$85,000. Another Bridgehampton home being marketed exclusively by Corcoran's Susan Breitenbach is now being offered at less than its original rental price. South of the highway, with a prestigious Harvest Lane address, the property had an initial asking price of \$550,000 for the full season. That's been reduced to \$100,000 for July and \$125,000 for August.

But brokers say that some Hamptons homeowners might prefer not to rent out their properties at all if they can't get their asking prices. Sneddon said that some owners who had priced their properties high might just be testing the Hamptons summer rental market. "They might be trying to sell," he said, "and want to put some energy around their house."

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At the lower end of the summer housing market, renters are able to research relatively less expensive options online, and some are choosing to rent at the last minute, or for shorter stays. Sites like Airbnb, Home Away and VRBO have given youthful renters — and anyone else on a budget — more options than they had in an earlier generation.

Realtors said they are in tough competition with the new online players. "It's definitely taken away from business," said Cynthia Barrett of Compass Realty. Some Hamptons communities have decided to fight this trend by passing a series of regulations to limit the number of times a homeowner can rent out a property for short-term stays, among other restrictions.

For example, East Hampton — which includes the village of East Hampton, Wainscott, Amagansett, Montauk, Springs and a portion of Sag Harbor — has started requiring homeowners to register before they advertise or lease out their properties this season. The registry number must appear on listings and advertisements. Realtors say that it's unclear what effect this new trend will have on the number and pricing of summer rentals, but Desiderio said it has thrown owners "into a tizzy."

Some market experts remain optimistic about this season, saying that the rental market got a late start because of a cold, damp spring, but they expect the mid-season rentals to make up for it.

"Because of the weather, this season hasn't seen the hype of last season," said Colas of Convergex. He predicted that the 2016 season would beat expectations, adding "Expectations are really low."

Andrew Saunders of Saunders & Associates said that not only is his firm on track to do the same number of rentals this year, but that at the beginning of the season the dollar value of those transactions was up nearly 25 percent over the previous year. He said the firm's average summer rental had gone for \$87,000, up from \$70,000 in 2015. He said most transactions were ranging between \$50,000 and \$100,000.

Saunders said he has done hundreds of summer rentals, with many more to come. "I think we're going to be okay...despite real concern among some homeowners who haven't rented," he said.



*Judi Desiderio*