

Rental Agents Report Slow Start To Season



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By Ann Rasmussen

The East Hampton rental season has proven to be challenging this year for brokers, as well as for landlords who have usually rented by now. A number of brokers named similar factors they suspect have softened the rental market so far.

Not surprisingly, the number one issue was weather. “The harsh winter delayed tenants from coming out between January and March as much as they normally would,” said Aspasia Comnas, executive managing director at Brown Harris Stevens of the Hamptons. Ms. Comnas also cited a continuing trend of one- to two-month rentals—July and August—versus full-season ones, which may also account for the delay in tenants coming out to look.

“Tenants come out later than they used to, and there will likely still be an influx of those tenants over the next month or so,” Ms. Comnas said.

Another factor was that many former tenants purchased homes, thereby reducing the number of potential tenants and at the same time increasing the number of homes for rent.

Ms. Comnas also suggested that some renters may be opting to vacation in Europe instead of the Hamptons because of the favorable exchange rate of the euro.

“Overall I see a lot of rentals still available,” said Anthony DeVivio, managing director of Halstead Property in East Hampton. He said Halstead, too, has seen many tenants turn into buyers: “A great percentage of people we sold to in the last two years have turned around and put their newly purchased homes up for a seasonal rental,” he said. “This has caused supply to be larger than it has been in years.”

Mr. DeVivio also stressed that the most desirable time periods are July and/or August, as opposed to the whole Memorial Day to Labor Day season.

Judi Desiderio of Town and Country Real Estate said the trend toward shorter-term rentals “began after the crash and has remained.” But she is hopeful that the season will come around. “There are some great rentals that remain available thanks to a nasty winter with seven weekends of snowstorms, and actually rental traffic has picked up during the past few weeks,” she said.

The rental market in Southampton has been similar, according to Ed Reale, managing broker at Brown Harris Stevens. However, he’s seeing an increase in rental activity in the past few weeks. “We have also had some landlords come back to us saying that they were unhappy with the tenants coming in on the internet listing sites,” he said. Mr. Reale has noticed that rental activity in the western parts of Southampton town was consistently more vigorous than in the eastern portion, even during the winter weather.

“Many of the high-end rentals went early,” he said of that western activity, “and we are seeing a lot of tenants returning to the houses they rented in prior years.”

All brokers agreed that websites like airbnb.com and vrbo.com continue to be a force for short-term rentals, meaning

of less than two weeks, and/or group rentals, which most real estate agents are unwilling to handle because of zoning regulations. The sites also enable landlords who are not getting much traffic from the brokerage community to connect directly with tenants and vice versa.

One agent who is out there in the trenches working with tenants shared his experience with the rental season this year: “It’s been, in a word, weird. I just got another email from a tenant telling me that they found a place on homeaway [a website]. And a call from another homeowner that had an August tenant who backed out. So it’s been messy.”

A few landlords also expressed concern about the rental market. One said she had a flurry of visits but no offers, even though they have successfully rented the house for the last three years with no problem. Her home is an attractive 5,000-square-foot traditional with 5 bedrooms and baths not far from East Hampton Village. It’s listed for \$120,000 for the season, \$40,000 for July, and \$60,000 for August.

Another landlord with a 4-bedroom, 2-bath renovated cottage in the Amagansett Dunes with pool said, “We’ve never had such a hard time renting it.” They are asking \$80,000 for the season and lower amounts for the separate months.

It’s hard to track rentals because each brokerage keeps its own records, but I did a search in the realnet system that brokers use in the Hamptons instead of a multiple listing service. The search was for homes listed between \$30,000 and \$100,000 for the entire season in East Hampton.

I found 69 homes rented for the full season and 194 available rentals, so approximately 26 percent were rented for the full season. In terms of high-end rentals listed for \$100,000 to \$500,000 from Memorial Day to Labor Day, there were 14 homes rented for the entire season and 43 rentals still available, so 24 percent have rented.

Keep in mind that these numbers are not exact, because each agency keeps its own rental records, they represent only one town, and I don’t have last year’s numbers for comparison. However, they do seem to reflect what the brokers and landlords have been saying: There are still many rentals available.

This is a good thing for tenants who have put off their search, because there is still a lot of good inventory available, and landlords have been reducing prices.

Rentals have traditionally filled the income gap for brokers during the quiet winter between the fall and spring sales seasons. And although the commissions are not huge, typically 10 percent—5 percent to the agent and 5 percent to the brokerage—many renters become buyers and many landlords become sellers, so rentals have been an important part of the Hamptons real estate business for many years. As times change, however, the business model for brokers and landlords will have to change, as well.

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