

# Hampton Bays attracts price-conscious home buyers

Maura McDermott | August 19, 2016



*Ponquogue Point, a new private waterfront town house and townhome development under construction, for buyers seeking a second home, on Thursday, Aug. 11, 2016, at 68 Foster Ave., in Hampton Bays. Photo Credit: Heather Walsh*

Hampton Bays is attracting price-conscious house hunters seeking to avoid the glitzier beachfront communities farther east.

The hamlet's growing popularity is part of a trend seen from New York City to Long Island, Westchester and Connecticut, as home buyers opt for less expensive areas, real estate experts say. The result is a rise in home values and sales activity in Hampton Bays and other outlying communities that once struggled to get buyers' attention.

The median price of homes sold in Hampton Bays has risen by 24 percent in the last five years, to \$435,000 in the three months ending June 30, the most recent report from the brokerage Douglas Elliman and the appraisal company Miller Samuel shows. The number of sales grew by 68 percent in the same period, with 69 closed transactions in the April-to-June period.

That outpaces home price gains in other areas of Long Island. In the Hamptons as a whole, the median price increased by 4 percent in five years, to \$975,000 in the second quarter. Across Long Island — excluding the East End — the median price rose by 9 percent, to \$382,000, over the same period.

Some local real estate agents and developers compare Hampton Bays' growing popularity with the migration of many home buyers from Manhattan to relatively more affordable sections of Brooklyn and Queens.

In Hampton Bays, "You definitely can get more for your money than you can farther east, and that's also the case in the boroughs, or it used to be the case," said Patrick Galway, an associate broker with Town & Country Real Estate in Westhampton.

Even so, local real estate experts say they expect Hampton Bays home values to make gradual gains, not the sharp spikes experienced in the city's outer boroughs. "We go at a nice, steady pace, and houses don't get insane in price," said Susan von Freddi Gassman, president of Village Real Estate in Hampton Bays and head of the Hampton Bays Beautification Association.

In the Hamptons and across the New York City metropolitan area, home buyers are trying to "solve the affordability problem," said Jonathan Miller, chief executive of the Manhattan-based appraisal company Miller Samuel, which tracks markets throughout the region.

"Hampton Bays and more modestly priced markets like this are thriving, just like they are across all of Long Island; this is not unique to the Hamptons," Miller said. "We're seeing it in the city, the borough of Queens now is setting record prices as a result of the spillover from Brooklyn."

With values rising, many Hampton Bays homeowners are remodeling long-neglected properties, real estate agents say. Downtown shopkeepers are fixing up their facades.

The hamlet's growing popularity has attracted the attention of developers, too. On the site of the former Allen's Acres Motel, 21 town houses at the Ponquogue Point development are under construction, listed at pre-completion prices of \$700,000 to \$1.55 million. Amenities include a floating dock, pool, lawn chess, bocce and a dog run. An in-house interior designer, Sage Soli, can help buyers choose fixtures, furniture and art. Before buyers move in, Soli said, "we'll even pick out your linens, launder them for you, make your bed."

Three units have gone into contract — including a corner waterfront town house for \$2.2 million — and potential buyers have put down refundable

deposits for another three, according to the developer, Peter Sperry, and his representatives.

Hampton Bays is “an undervalued area,” Sperry said. “I just looked at it as an unbelievable opportunity.”

The development’s location near highways and a train station is a boon, said Tyus Gholson, the real estate agent handling sales. “You don’t have to drive, but if you do drive it can take an hour and a half,” Gholson said.

Along the Shinnecock Canal, developers Gregg and Mitchell Rechler’s R Squared Development LLC is seeking to build 37 luxury town houses on the eastern side of the waterway and restore the long-vacant Canoe Place Inn on the western side.

Residents of Southampton Town have filed a lawsuit to block the development, saying local officials failed to address potential problems with traffic, wastewater and flooding.

Mitchell Rechler, a partner with R Squared, said the builders expect to get their final approvals by the end of the year and complete construction by early 2018. He said he expects a decision will be reached in the developers’ favor shortly, but he declined to comment further about the lawsuit.

“We love Hampton Bays, we think it’s a great community, and it’s perfectly located,” Rechler said.

Prices for three-bedroom units are expected to start at \$1.6 million, and amenities will include boat slips and a health club, Rechler said.

“It seems like you’ve got more people looking to invest in Hampton Bays, which is exciting because it’s definitely going to increase the values,” said Galway, of Town & Country. “We really don’t have a lot of condos out here and a lot of people are looking for that type of property.”

The Shinnecock Canal has long been the dividing line between the priciest — and most prestigious — areas to the east, and the more affordable zones to the west. But now the million-dollar-plus market is making faster gains in the west than in the east. In communities west of the canal, such as Hampton Bays, Westhampton and Quogue, there were 152 sales of homes priced at \$1 million and up in the second quarter, 55 percent more than five years earlier, Miller Samuel figures show.

East of the canal, in communities such as Southampton, East Hampton and Montauk, there were 718 sales of \$1 million-and-up homes, a gain of 43 percent over the same period.

Among the hamlet’s attractions: three bays, oceanfront parkland, waterfront restaurants, beachfront concerts, a bustling downtown and a train station. A new park is under construction, with an 800-seat outdoor amphitheater set to open in October.

“It’s a little bit more of a casual lifestyle” in Hampton Bays, compared with other Hampton communities, said Terry Thompson, a real estate agent with Douglas Elliman in Southampton. And compared with the North Fork, she said, “there’s a little bit more action, a little more hustle-bustle.”



*Frances Phillips, an associate broker with Town & Country Real Estate, looks out the window of a listing on East Tiana Road on Thursday, Aug. 11, 2016, in Hampton Bays. Photo Credit: Heather Walsh*

With access to the Shinnecock Inlet and the Shinnecock, Peconic and Tiana bays, “anywhere you go you hit water, and that’s what people love about it,” said Tahir Baig, a real estate agent with Douglas Elliman in Southampton.

Ever since the Town of Southampton, which includes Hampton Bays, imposed a new local law in 2007 requiring permits and inspections for rentals, Hampton Bays has largely shed the group rentals that gave it a rambunctious reputation, local residents say.

Hampton Bays has just over 8,000 housing units, mostly single-family homes dating to the 1950s through 1980s, census figures show. The hamlet has about 12,700 year-round residents — but the population nearly triples, to 34,600, in the summer, according to the Suffolk County Division of Planning & Environment. By contrast, the village of Southampton has about 3,150 year-round residents, and four times that many — 13,340 — in the summer.

Year-round residents include professionals as well as those who hold jobs in restaurants, stores and marinas, locals say.

High property taxes put a burden on some residents, especially senior citizens, said Maud Kramer, a former president of the Hampton Bays Beautification Association. “I do think people find it hard to afford the taxes here,” Kramer said. “A lot of older persons who live on a fixed income would feel that it’s difficult, and that’s a shame.”

Some senior citizens who have owned their homes for decades use reverse mortgages to withdraw equity, von Freddi Gassman said. Despite the high taxes, the hamlet remains relatively low-cost, she said.

“A lot of people live here who can’t afford to live farther east, and I’m including lawyers and doctors and teachers, very sophisticated, educated people who just can’t afford to live in a \$2 million house,” von Freddi Gassman said.

And vacation home buyers are finding a community they like.

Kamron Keshtgar, 53, a computer consultant who lives in New York City, said he and his wife looked at more than 50 homes throughout the East End before settling

on a circa-1900 vacation home in Hampton Bays about a year and a half ago. The price — \$420,000 — was just one attraction.

“Hampton Bays is more laid back and more friendly,” with more to do and more young children for the couple’s 6-year-old daughter to play with, he said. Their neighbors “are all hardworking people with a lot of pride in what they do and where they live.”