



THE INDEPENDENT

EVERYTHING EAST END

Real Realty: Town & Country's Maestro Of The Region's Business Sector Hal Zwick, A Leader Of Hamptons Commercial Real Estate

Ty Wenzel | October 15, 2019

There is one name that really stands out in Hamptons commercial real estate, and it's Hal Zwick. After decades of successful entrepreneurial endeavors, Zwick pivoted into what became his legacy, the maestro of the region's business sector. Indy caught up with Zwick to learn how he became the one to call if starting or expanding a business in terms of real estate, zoning, and much more.

Hal, how did you get into real estate on the East End?

I moved out to the East End in the spring of 1998 after a career in advertising. I had no formal game plan. All I knew is that I needed a rest after working in corporate America for an extended period. It was one of the best summers of my life, and by Columbus Day, I was totally relaxed. But the weather was changing, there were not any more beach days, and the number of people around was decreasing every week. It was time to go back to work.

I decided to purchase a business by inquiring if the bookstore was available and the timing was right. The founders of BookHampton were looking to retire and we came to an agreement where I took over the two stores in East Hampton and Southampton in January 1999.

About a year later, I got the bug to open a restaurant. In fact, I purchased two: the Snowflake in East Hampton and the Paradise in Sag Harbor, and the deal included the business and real estate. I was now fully engrossed in the commercial marketplace out here as both a business and real estate owner.

After three very enlightening years, I decided that I did not want the rigor and issues of dealing with the businesses and sold them, while keeping the Sag Harbor real estate as a landlord for another 10 years, which was a unique learning experience. I once again had a lot of spare time and people asked me to advise them on their businesses and real estate. Everyone suggested I obtain a real estate license and specialize in commercial activity. That was 2003 and the rest is history!

So that's why you're so well known in commercial real estate in the Hamptons.

It took a few years to not only get to know the players, the business, and building owners but more important, to learn and fully understand the commercial zoning issues, which vary from town to town. Commercial activity is based less on emotion and more on financial considerations. Commercial clients need to have confidence that their broker understands their issues, which comes from experience and working on hundreds of transactions.

I also make myself available to anyone who just needs advice on a current problem or wants an opinion on the value of their entity. I spend a great deal on time speaking to people and offering advice, whether it leads to business or not.



Why Town & Country out of all the brokerages out here?

There were two key reasons why I chose Town & Country when I decided to change brokerages almost eight years ago. First, the reach of the offices, which has allowed me to partner with associates in every office when they have a commercial client. This allows the client to not only work with someone they know personally, but to receive the full commercial expertise, which is critical.

Second, because of Judi Desiderio, the Town & Country CEO. Judi basically spearheaded the growth of commercial transactions in the Hamptons over her 30-year career. This meant that she and the company understood the differences in the commercial, and therefore have provided me with the tailored resources required to provide the absolute smartest and most appropriate programs for our clients.

Are you seeing any push-back of late with all the commercial rents skyrocketing?

It is a fact that the retail marketplace has suffered in recent years due to online sales. Consequently, brick and mortar sales are down and retailers need to reduce their overhead. The East End landlords have, for the most part, understood the situation. We have negotiated somewhat more favorable agreements as leases come up for renewal and with new tenant prospects. This is a topic that will continue to be a major issue, especially as we enter the 2020 leasing season.

What are some of the key differences when purchasing a space for a commercial purpose than for residential?

Commercial purchases occur for two reasons: either for use for their own business or as an investment. Location is generally a key component as it is in residential, but financials are the key criteria, especially for investors. This has become more so over the last few years, with the increased challenges of doing business for both retailers and the food industry.

Many factors go into this aspect for investors: the quality of the tenant, the length of the leases, and the demand for the allowed uses. Zoning and health department issues come into play as well, such as what uses are allowed on the site, can it be expanded, what restrictions are places on the site, etc.

Are the commercial spaces usually for sale or for lease?

There are always a large number of sites for both lease and sale. Since a majority of the sites are investments, there are always more spaces available for lease. I would say that 75 to 80 percent of all transactions are for leases and the remainder are for sale, which is still a large number.

How do leases work? Where does the broker come in for the signing of the lease?

When I am involved with leases, we are hired by the landlord to market the site, screen the applicants, negotiate the specific terms, and write up the deal for the landlord's attorney to prepare the lease.

There are several factors involved in a commercial lease besides the absolute price, such as guaranteeing that the tenants' intended use is a permitted one from not only a zoning perspective but that it also meets the Suffolk County Health Department's rules. Many sites are zoned for food or exercise, but the current septic system may not meet the requirements for these uses. This is critical out here, since Sag Harbor and Greenport are the only two East End communities that currently have sewer systems. Without an upgrade of the septic system, most current dry uses cannot accommodate uses that require water usage.

I have heard of many deals executed and the tenants finding out later on that they are not permitted to operate their specific business in the site. The broker needs to research this right up front and have the facts.

What do new business owners need to have in place before signing a lease?

It varies by the type of business, but most important is financials, and proof of funds are generally required before entering into a lease agreement. The prospective tenant needs to realize the total outlay required at lease signing — usually first, last, and two-months security. They also need to understand what permits are required by their specific industry and the individual municipality. They also should have an attorney that understands commercial leases to review and offer advice to them.

Any advice for someone looking to open a business in the Hamptons?

Understand the marketplace — the competitive environment, the seasonality, and most important, what the consumer, summer, and year-round customers want. New business owners also need the reserve funding required to get through the first two off-seasons, as it generally takes a business into its third year to meet its stride.

How do you spend your time when you're not working?

Enjoying our community like the beaches, the parks, the vast number of diverse activities in the various communities. I keep very active. I don't like to sit still. If I have a spare hour, people will see me in the village or at the beach with my two dogs. And, of course, I take advantage of all the great stores and food establishments out here.

To reach Hal Zwick or inquire about his commercial properties, call 631-678-2460 or email hzwick@TCHamptons.com.