

Hamptons rentals market heating up for summer

By Arlene Gross | February 26, 2020



Norman Jaffe homes blending into nature. A spectacular house with a bowling alley. A charming 19th-century cottage owned and renovated by fashion guru Michael Smaldone.

Those are some of the luxury summer rentals on the market in the ritzy East End this year — and they're still available.

In fact, rental bookings started early this season — in December, says Judi Desiderio, CEO of Town & Country Real Estate, which specializes in the East End market. Typically, about half of all rentals are gone by the Presidents Day weekend — known in Hamptons real estate parlance as the “rental weekend.”

“That’s historically how things went,” Desiderio says. “This year they started with a bang in December and really just kept steady, but we didn’t see the major push this [Presidents] weekend, and maybe that’s because it started so early.”

Rentals and sales are inversely related, she says: The more homes sell, the fewer are rented, and vice versa, because, in many instances, buyers and renters come from the same pool

of customers. Once they find a home to purchase, they no longer need to rent.

And sales this year have been great since December, she says.

“Many potential buyers sat on the sidelines for the past 18 months waiting for the market to bottom out, and last year was the bottom of the market,” Desiderio says. “It’s the busiest selling season we’ve had in over a decade.”

Things weren't as good a few years ago. The Hamptons real estate market was undergoing a price correction until the end of 2019, when it ultimately bottomed out. “Buyers recognized the sales prices were lower than if you bought the land, designed and built the house,” Desiderio says.

For several years, Hamptons real estate has been the victim of aspirational pricing, says Jonathan Miller, president and CEO of Miller Samuel, a Manhattan-based real estate appraisal and consulting firm.

“The problem in the high-end, second-home market is that it became the norm to wildly overprice the high-end property,” Miller says.

Now, the market is hot again. January was a “great month” for the Hamptons rental market, says Tal Adla, a real estate broker for Douglas Elliman Real Estate. As in Manhattan, rentals are strong in the Hamptons “as would-be buyers are camping out in the rental market until they’re comfortable,” Miller says.

The rental market would potentially be even better, if not for competitive services like Airbnb, Miller says.

“It’s not that the rental market isn’t improving,” Miller says. “It certainly is. I think it would have improved a lot more, if it weren’t for that.”

Prices, however, haven’t soared. Rental rates haven’t gone up much over the past several years, says Desiderio. “The prices have stabilized. And I think we’re always going to have a rental season because staying in the city during the hot summer months is not a lot of fun — when you can be in the ocean.”

Most homeowners rent out their homes for the full season, from Memorial Day to Labor Day. But in the past several years people have been looking to rent for either July or August, Desiderio notes: August usually attracts more families, and July overseas visitors.

“And if you add July and August together, it’s almost the same price as the full season,” Desiderio says. “June has maybe 10 percent of the value of the summer.”

Right now, there’s a lot of inventory, says Adla, adding that most deals are done from the end of January through February and March.

On the market this year are Southampton and Bridgehampton homes designed by Norman Jaffe, the modernist architect noted for tying the home into its natural surroundings. There’s also a residence with a bowling alley in Bridgehampton and a 19th-century cottage in Sag Harbor owned by fashion designer Michael Smaldone.

A notable trend is that people are looking for shorter rentals and slightly different time periods.

“It almost feels like in some places they feel like we’re Airbnb and we’re not. We’re monthly rentals,” says Tania Deighton, a real estate salesperson in Douglas Elliman Real Estate’s East Hampton office.

One area that has a dearth of rentals is Amagansett, Deighton says.

“I’ve been trying to find a rental for a customer of mine for \$175 [thousand] for two months, and there is a lack of inventory in the Amagansett Lanes,” Deighton says of the roads close to the ocean and south of Montauk Highway. “A lot of those properties have been rebuilt and some of them are super expensive and the middle road and lower is gone as well.”

In East Hampton, there is always a lot of inventory south of Montauk Highway, but this year there are a lot of great deals north of it, says Adla.

“North is the new south,” says Adla, adding, “You’re getting a bigger bang for your buck. Great listings up there; beautiful homes. It’s still centrally located.”

For example, Adla is listing an East Hampton home north of the highway for \$235,000 for the whole season. “If you put that one south of the highway, that would be double the asking price,” he says.

Sag Harbor and Montauk are really hot now, notes Ellen Ashenfarb, a real estate agent based out of Saunders & Associates’ East Hampton office. Montauk is a draw for its nightlife; Sag Harbor, for restaurants, shops and the arts.

The renters this season are coming out in full force, notes Ashenfarb, who’s been renting homes out in the Hamptons for the past 13 years. “This place will always be highly desirable, because it’s just so beautiful out here,” she says.