

Hamptons Summer Rentals: Going, Going, Gone

Liza Burby | July 11, 2020



Nick Messina has handled eight summer rental seasons on the East End as a sales agent for Douglas Elliman in Westhampton Beach but he's never seen one like this.

This year he decided to put his own home on the market as the coronavirus pandemic continues to drive people from New York City seeking a respite, and with most vacation plans grounded.

Messina bought a contemporary home in Quogue in May 2019, remodeled it, then moved in last August. He said the downside is that to take advantage of the increased rental demand, he has to find another place to go.

"When I bought the house originally, I was thinking I would rent it out this summer from an investment standpoint, but when the time came it was bittersweet because I just remodeled everything and I like living there," he said. "I never anticipated a summer where the demand would be so high creating a lack of inventory, so this seems like a good time to rent it out."

His house is available for July and August for \$65,000 a month. Messina plans to either stay locally at his father's or use his camper. "I think the fee is worth it for me to move out of my house."

He's one of numerous homeowners who have adjusted their original summer plans to meet a need that continues to make the East End rental market hotter than local brokers can remember.

“This has been the busiest rental season I have seen in my 36 years as a broker in the Hamptons,” said Judi Desiderio, chief executive officer and president of Town & Country Real Estate.

Gary DePersia, an associate broker for the Corcoran Group, agreed this summer is unusual. “Many more people are renting for the full season than we have seen since at least 2007 and the economic downturn,” he said. “And we've always had a healthy market for offseason rentals, but this year I see it being two, three or four times the amount that we normally do.”

LIMITED INVENTORY

All of which means that this seasonal market has had some unique twists, starting with rentals as early as March when the shutdown orders began. The impact has limited inventory as both homeowners and renters look for longer-term deals, prompting Desiderio to conclude that “soon there will not be one empty house.” Adding to the shortage is that some rental inventory got absorbed by owners using it themselves.

“They're enjoying their home and that's what they bought it for,” said Todd Bougard, senior executive regional manager of sales for Douglas Elliman in the Hamptons. “A lot of those people that are now coming out here and staying, many would travel to Europe this time of year. There's a lot of things that are keeping them here, but they have a beautiful home out here so they're using it.”

According to Desiderio, another change is an influx of long-term tenants — nothing less than two weeks with most for a month or more — which suits the homeowners as well.

“In a regular year by the end of June/July, there might be some people who want to rent short term, like two weeks,” she said. “Usually the two weeks period used to be around events, such as the Hampton Classic [Horse Show]. With everything canceled, that's not an issue.”

She added that long-term rentals make both homeowners and tenants more comfortable as they consider COVID-19-related safety precautions.

“From a tenant's perspective, who wants to go into a house for a week that you don't know who was in there before them?” Desiderio said. “Clients want the house deep cleaned and disinfected before they move in.”

OWNERS SEEKING RENTALS

Adding to the shortage are some homeowners who themselves need rentals because they had rented out their homes for the usual season and it was too late to change their minds, said Jonathan J. Miller, president/CEO of Miller Samuel Inc., Real Estate Appraisers & Consultants. “They ended up renting houses, which doubled down on the problem.”

Another trend is homeowners renting other houses for themselves that have a bigger discrepancy between what they can earn and what they can rent for.

“If they're getting \$500,000 for the house, maybe they'll rent something for \$100,000,” DePersia said. “It's a financial decision to make a profit on their house and find a more modest type of rental for themselves. Some people out here have more than one house, so they can go from place to place.”

As a result, there has been an increase in rental fees, which Desiderio said were stable until mid-May when the demand exceeded the supply. Then prices began to increase about 10%.

These fees are not negotiable as they may have been in past summers, DePersia said. “With so many people competing for the same houses, landlords had the upper hand this year.”

'NOT MUCH TO PICK FROM'

Even so, there are still rentals available at varying price points for all size houses across the Hamptons, from the modest — around \$30,000 a month — to high-end, \$250,000 and more, according to Bougard. “It's just that there's not as much to pick from. Many people are out here and settled in already.”

What is harder to find this year are rentals under \$100,000.

“They got scooped up very quickly. There are still some things out there that are available for July and August,” DePersia said. “They’re usually on the periphery of the higher-end areas. You have things in the Springs, East Hampton Northwest, Montauk, Noyack, Southampton North and Water Mill.”

In this anything-but-typical summer, another byproduct of the shortage of rentals is a 20% increase in home sales, according to Desiderio. “Many renters have turned into buyers because they realized that they sat on the sidelines for years and now they really want to secure a place that's their own.”

Miller predicts that this season may be one for the records. “I think a year from now, when some of these leases are up for renewal, the landlords or homeowners are going to be disappointed because that was a moment in time,” he said. “It was a spike that was the perfect storm of the summer season approaching combined with a global pandemic causing a surge in rent.”

SOME RENTALS STILL ON THE MARKET

There are still some available rentals for the rest of July and August through Labor Day. Here is a range considered to be moderately priced.



This five-bedroom, 3½-bath bayfront estate in Southold, available for rent from August-Labor Day for \$30,000, has been owned by the same family since 1880, it's one of the few remaining original family compounds on the North Fork. Credit: Nicholas J. Planamento

Community: Southold

Asking price/terms: August-Labor Day, \$30,000

Features: Bayfront estate owned by the same family since 1880, it's one of the few remaining original family compounds on the North Fork. The property is a private, beachfront location, but close to town, with a broad porch overlooking the bay, living room with fireplace, formal dining room, den, large kitchen and pantry and five bedrooms upstairs, plus 3½ baths. The 3,000-square-foot house is on 2.25 acres. Pets considered.

Listing agent/owner: Nicholas J. Planamento, Town & Country, 631-298-0600, ext. 103