

Express Sessions: Business Owners Say Pandemic Challenges Remain, With No End In Sight

Michael Wright | February 16, 2022



Business leaders from several South Fork industries said they see the easing of concerns about COVID-19 infections and the lifting of the mask mandate on all businesses as a boost that will make their lives, at least, more comfortable, if not always easier.

But with the pandemic now nearing the start of its third year, most business leaders said that fundamental changes in their customers, in their employees and the foundations of their respective industries that the pandemic has molded will be the dominating influence on their business for a long time to come.

At the latest installment of the Express Session forums, “Living With COVID-19: Taking the Pulse of the Local Business Community,” held virtually, via, Zoom, on February 10, representatives of the restaurant, retail, service and real estate industries, explored where the latest winter surge in COVID infections has left the South Fork community and what they see coming next.

Every business owner said that the greatest challenges facing their personal business and their respective industries as a whole was a matter of supply and demand — either the supply-chain frustrations or difficulty in finding employees — and neither shows any sign of being solved in the foreseeable future, regardless of how the pandemic goes.

“I think the No. 1 challenge that business owners face, specifically on eastern Long Island, is the employment challenge — getting people to help them run and grow their business,” said Rocco Carriero of Ameriprise Financial Services, one of the event’s sponsors.

John Tortorella, owner of Tortorella Pools, said that his business has been hamstrung substantially by a shortage of workers — partly because of immigration rules, and partly due to the flight of many in America from the service industries — and supply chain issues and the soaring costs of goods associated with it.

“We just don’t have the supply, whether it’s labor or products,” he lamented. “The supply chain is still a mess. Shipping costs have gone through the roof. We used to pay \$3,000 on a certain shipment — now it’s \$9,000. When does inflation go away? We don’t know. When it goes away, you think those prices are going to come down? No, it doesn’t work that way, right?”

“And then you have inflation in the labor force, and that’s probably more than the material inflation, because there’s not much out there. When we hired in the past, it was, ‘Here is your starting pay, and if you meet these goals your pay will go up accordingly.’ Now ... they’re telling us what they want to get paid right from the get-go.”

“They 100 percent control the conversation,” nightclub and restaurant owner Ian Duke agreed. “We have no leg to stand on.”

North Sea Hardware owner Steve D’Angelo said that while he thanks his lucky stars he has been blessed with a loyal staff, the continued problems with the international supply chain have made running the shop he opened in the midst of the pandemic far more difficult logistically.

“I’m still probably putting in quadruple the hours it should take to fill a store like this,” D’Angelo said via Zoom from his office in the North Sea Road shop. “It’s horrible. Switching vendors, switching item numbers — it causes chaos in tracking sales of that item. “Last August, we pre-bought our Christmas lights, and they still didn’t come,” he added. Asked if he saw any reason for hope about supply chains getting back to normal, he sighed: “My crystal ball broke a long time ago.”

In the restaurant industry, which has long existed on notoriously low profit margins, the increasing price of food and other goods has been hobbling.

“Every single thing we sell has skyrocketed,” said Duke, owner of the Southampton Social Club and Union Burger Bar. “It’s not 10 percent, it’s not 12 percent. It’s 25 percent, it’s 30 percent. We can’t pass that cost along. And then add the products we need that we can’t get.”

The real estate industry has seen an unprecedented frenzy of activity since the pandemic started that has driven record profits, record sales, record high prices and record low inventory, industry leaders said. But much like the other businesses, a supply that cannot keep up with demand has made doing business a rat race.

“Panic” was the word real estate agents on last Thursday’s panel used most often to describe the clamor for homes when they would come on the market over the last 23 months.

As things show signs of possibly normalizing once again and many local second-home owners ease back into their former routines of city life and travel, the panic has eased, they said.

“I think ... the panic is not with us anymore, and that’s good, because no one really likes to be in a panic situation — because somebody wins and somebody loses, and the broker is the collateral damage,” said Judi Desiderio, CEO and president of Town & Country Real Estate. “But it is still a very strong market, simply because of the supply-and-demand situation, where you just don’t have enough supply to satiate the demand.”

Rylan Jacka, an associate broker at Sothebys, said that the remote work culture of the last two years introduced a new reality for many young professionals: the ability to live on the East End without giving up their New York City-based careers.

“I think we always have had summer residents out here who wish they could live out here year round, but they simply can’t because they work in the city,” Jacka said. “And so with working remotely, we’ve had so many people, so many young families, come out here.”

How flagging financial markets respond to inflation concerns, geopolitical conflicts and domestic discord will drive the cycles of demand for real estate like they always have, Timothy R. O’Connor of Brown Harris Stevens said. But the pandemic and rush for homes and the effect of remote work on so many white-collar jobs has reset the baseline calculation of why buyers want to own a house in the Hamptons, he surmised.

“People realize now ... it’s going to be very hard for a lot of industries to pull people back full time,” O’Connor said. “Thursday is the new Friday. Monday is the new Sunday.”