



Hamptons Rental Prices Fall For The Summer As Owners Contend With Oversupply

Robert Frank | May 15, 2023

An oversupply of summer rentals in the Hamptons is spurring price cuts of 20% or more, as affluent Wall Streeters and tech workers cut back on their summer spending.

There are now about 5,700 seasonal rentals available for this summer on the South Fork peninsula in New York, which includes most of the Hamptons, according to Judi Desiderio, CEO of Town & Country Real Estate in East Hampton. That's twice the number of homes that would typically be available for a summer before the Covid pandemic shifting vacationing habits, she said.

"There's just too much inventory, at every level," she said.

The glut of rentals in one of America's richest beach communities has started to lead to price cuts. Brokers say many homeowners have started trimming prices for their rentals by 10% to 20%, and prices are likely to drop further as homeowners race to fill their rentals before the start of Memorial Day.

"We're choked with supply," said Enzo Morabito, a Hamptons broker with Douglas Elliman. "And it's throughout the Hamptons."

Granted, "bargains" are all relative in the Hamptons, where a typical 3-bedroom house rents for between \$60,000 and \$100,000 for the summer, depending on the location. Homes on the ocean can rent for over \$1 million for a month.

Yet the after-effects of the pandemic have led to a record number of available rentals, and brokers say it could take a few more summers for prices and demand to normalize. In the spring of 2020, throngs of wealthy New Yorkers fled the city for the Hamptons and many bought homes. That led to a sales boom where volume and prices soared. The median sales price jumped more than 40% to over \$1.2 million.

Now, many of those new homeowners are trying to rent their homes, either because they want to travel for part of the summer or because they want the income to help pay home

expenses. The surge in supply has upended a market that traditionally had a limited number of rentals and consistently high prices.

“We had a balanced market before Covid,” Desiderio said. “Demand wasn’t out of control and prices held for years.”

Many of the new homeowners also decided to rent because they expected the boom-time rental prices of 2020 and 2021, which are now unrealistic, brokers say.

“I get clients coming to me saying, ‘I want to rent my house for \$250,000,’” said Gary DePersia of the Corcoran Group. “I tell them it’s not realistic anymore. The market has changed.”

DePersia is advising his rental clients to offer more flexible leases — perhaps for two weeks or a month rather than the whole summer — and to lower prices.

The other big problem is falling demand. Since the Hamptons is still highly dependent on the Manhattan economy — and specifically finance and tech — it’s starting to feel the chill of a falling stock market and shrinking IPO and capital markets. Wall Street bonuses fell 26% last and several of the large Wall Street firms and banks, including Morgan Stanley, Citigroup, Bank of America and Lazard, have announced job cuts.

“The Hamptons is tied to Wall Street with an umbilical cord,” Desiderio said. “When Wall Street is doing well, we do well. When they pull back, we pull back.”

The one bright spot in the rental market, at least for owners, is at the very high end, especially oceanfront. Brokers say one oceanfront home in the Hamptons has already rented for \$2 million per month this summer, although the brokers declined to give details.

There are at least three other homes being offered for rent at \$2 million or more for the summer, they say.

DePersia has a 12,000-square-foot oceanfront rental in Bridgehampton that’s being offered for \$600,000 for two weeks. The newly built house, with 10 bedrooms, over a dozen bathrooms, multiple kitchens, a pool overlooking the ocean and a rooftop deck with a hot tub, has already attracted a number of potential renters.

“When you talk about oceanfront, new build, all the amenities for entertaining and families, there just aren’t that many,” he said. “And the kind of people who would rent a place like that aren’t as affected by the stock market or job cuts.”