

Hampton Hotel Rates Poised To Soar As Investment Firms Scoop Up Properties

Jennifer Gould | July 9, 2023



Finding an affordable hotel room in the Hamptons has never been easy — and a recent series of hotel buyouts is poised to send prices even higher, Side Dish has learned.

A coterie of deep-pocketed investment firms are snatching up some of the last remaining budget-friendly hotels in the East End with plans to fix them up and jack up prices, according to financial and real estate sources.

Among the recent buyers in Montauk is Blue Flag Partners, a Boston-based development company that capped a \$35 million East End buying frenzy with a \$15 million acquisition of Haven Montauk last month.

“We will slowly develop the properties over time,” said Brown, whose firm also recently shelled out \$6.36 million for the Greenporter on the North Fork.

If the rates at the Haven are any indication, there will also be a significant price hike. The 27-room boutique hotel — a former budget-friendly option — is charging \$621 a night for a midweek stay this month. Prices begin at \$1,291 a night on the weekends.

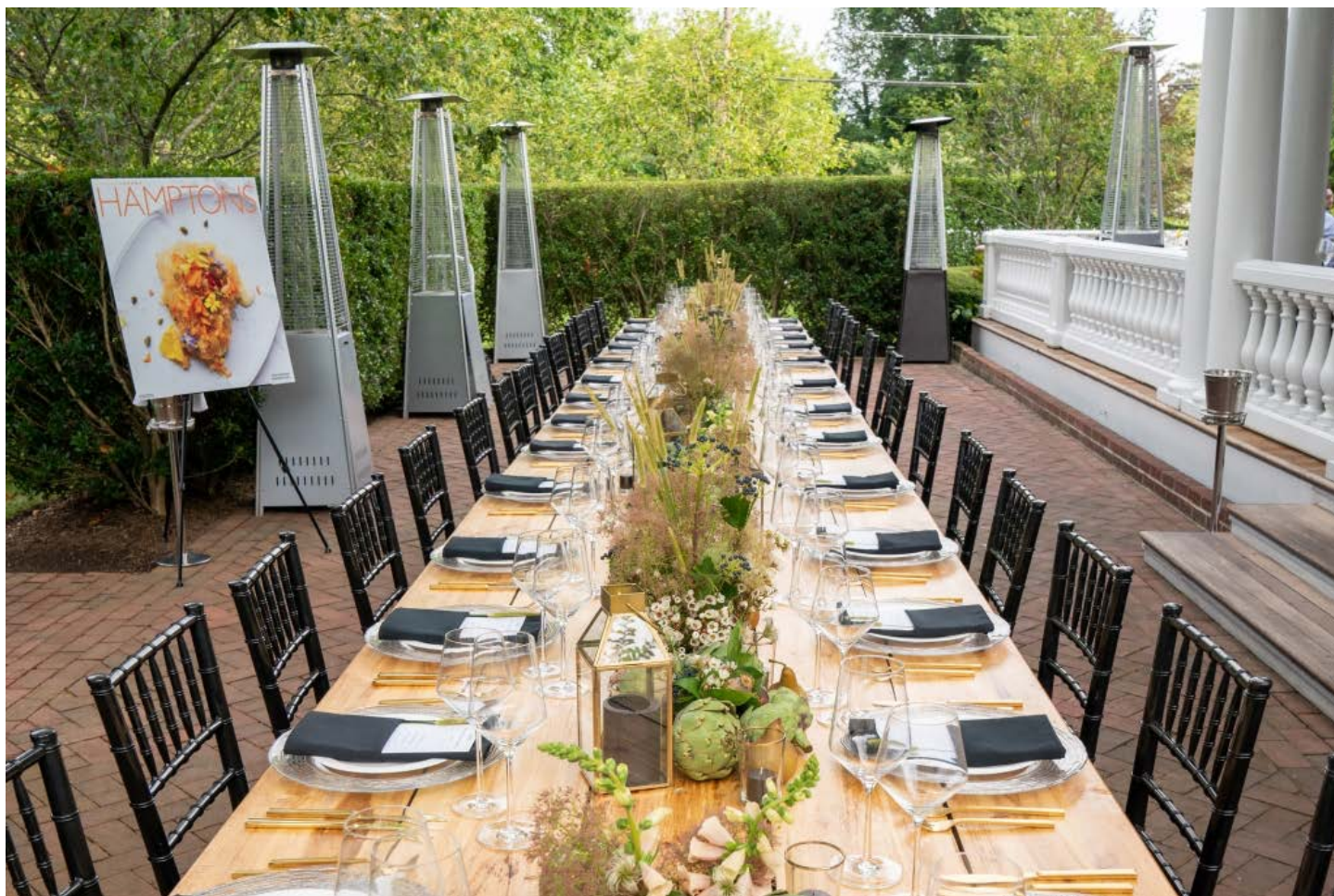
“Nobody would have believed these rates five years ago,” Pamela Liebman, CEO of The Corcoran Group, told Side Dish. “There are fewer homes for sale, so people who come here don’t have as many options for shorter stays. There’s definitely a market for luxury hotels.”



“I think the private equity-firms think that the prices are good, and so they are getting in low because they will never be this low again,” top Hamptons broker Dolly Lenz, of Dolly Lenz Real Estate, told Side Dish.

“The Hamptons rental market is generally distressed now, so they think they are getting good prices.”

One of the main reasons for the lack of inventory is that strict zoning laws have limited new development, said James Angelidis of Town & Country Real Estate, who represented Haven sellers Chris Kyriakides, Othon Mourkakos and Eric Mourkakos.



The trio had paid \$2.2 million for the Haven in 2004, which over the years became a draw for celebrities including Willie Nelson.

“To build a 27-room hotel now, you would need a ton of land, and there’s no land here,” Angelidis said. “Years ago, you could build motels on these properties, but no longer.”

The dearth of options is so severe that a two-night stay mid-week in a ‘tiny’ room at Bridgehampton’s Topping Rose House — which boasts “perks” like free wifi and limited room service — costs \$6,023.17 once the taxes and fees were factored in.



“The Hamptons is a market that is underserved for hotels, even though there is incredible demand that never seems to go away,” Liebman said. “Year after year, the Hamptons proves itself to be one of the great summer destinations, so the idea of creating new hotels could be appealing.”

Blue Flag’s spending spree came amid May’s [record \\$149.4 million sale](#) of Gurney’s Star Island resort by Safe Harbor Marinas — the world’s largest marina network owned by Sun Communities, a real estate investment trust. The resort’s name has since been restored to the Montauk Yacht Club.

Also, this year, East Hampton’s historic Maidstone Hotel — a 180-year-old building that is on property dating to the 1600s — was bought for \$17 million by Wall Street exec Mayank Dwivedi and entrepreneur Irwin Simon, a longtime East End resident who is also an investor in the family-owned Lobster Roll.



“I think the Hamptons should be year-round,” Simon told Side Dish, adding that he invested in the Maidstone via his family office.

“The question is, how do you grow it without losing its identity? I want to create a great hotel to bring people here. I’d love it to be forever.”

The hotel is housing a pop-up of Chelsea boite Loulou Petit Bistro, called Loulou La Plage, which will remain open through the end of September.



We hear... that Gurney's Montauk Resort & Seawater Spa will be hosting Château d'Esclans, the winery behind well-known rosés including Whispering Angel and Garrus, for a series of wine-pairing dinners and beach-side bonfires.

The seasonally driven five course tasting menu by Gurney's Montauk Executive Chef Christopher Watts began June 30, and will be offered again July 21 and Sept. 1. Tickets are available for purchase via [Open Table](#) for \$275 per person.