

James Lane

Real Estate Confab: Navigating Summer's High-End Market

Ty Wenzel | June 26, 2024



Comp: Ty Wenzel

As the warm months settle in, the Hamptons once again became the coveted playground for discerning summer residents and investors. Renowned for its award-winning beaches, upscale dining, and exclusive social scenes, the East End attracts a unique blend of clientele eager to secure their slice of this seaside haven. From opulent mansions with panoramic ocean views to charming cottages tucked away in lush enclaves, the real estate market here is as diverse as it is competitive.

We confabbed with some of our favorite agents and brokers to learn their take on how they advise clients who are considering purchasing a property on the East End for summer use but may also want to explore rental opportunities to offset costs. We asked if there are any notable trends or shifts in buyer preferences that you've observed during this summer season.

Timothy Davis, The Corcoran Group



Timothy Davis. Courtesy of The Corcoran Group

Our rental market has changed over the past couple of years post-Covid and I believe that it is important to provide conservative estimates of value for properties to be proposed for rent. New construction and those homes that are older, though fresh and updated and boast hotel-like amenities, are being rented first at strong prices. Use this as a guide for pricing and timeframes.

There appears to be a shift toward shorter time frames for renting in the market. With “the world” being so accessible and travel open again, we are seeing that our clients and tenants are pivoting to one month or perhaps just two weeks in the Hamptons. That being stated, the core tenant pool spends the majority of the summer here in the Hamptons since many of those who do find that proximity to work and a home base makes it convenient to spend three or four days of their week out here due to the mobility of office life.

Mark Greenwald. Courtesy of Saunders & Associates



Mark Greenwald. Courtesy Saunders & Associates

The rental market can be fickle, and I always caution buyers to have realistic expectations as far as rentals are concerned. The customary rule of thumb was that you could rent for 5 percent of your purchase price. However, this is by no means a sure thing. And, as of late, I have found more renters are interested in monthly rentals rather than the full season, requiring a little more effort on the part of a homeowner. New homeowners need to have more of an open mind and be flexible.

Understandably, buyer preferences during the summer season show a shift in focus to the amount of yard, the attractiveness of the landscaping/hardscaping, and the appeal of the swimming pool, patio, and outdoor living areas.

Susan Breitenbach, The Corcoran Group



Susan Breitenbach. Courtesy of The Corcoran Group

Properties in the Hamptons are almost always a great investment and go up in value over time. A lot of people purchase knowing that the rental income can usually pay for most — if not all — the home's annual expenses. The only time this formula got complicated was for buyers who purchased during the height of Covid — when rental prices were inflated as there was a frenzy of demand. My advice for today's buyers who also want to make use of their home during summer is to offer it for rent for several weeks or a month (or two) during the season and enjoy it for the remainder. It's a compromise but gives the homeowner the best of both worlds. Or, they can offer it on the rental market during the shoulder seasons of spring and fall. These are beautiful, less frenetic, times to enjoy our region and there's still a lot to do. Regardless of the time period, come to market early and be fair and realistic with the rent and terms.

Summer is a great time to purchase, as home seekers get to see the yard, gardens, pool, and al fresco entertaining areas at their best. When the summer season hits, a home's outdoor space really becomes paramount in the minds of prospective buyers. How they will be able to use and enjoy the house is what they are most focused on, and outdoor amenities are a huge part of a

property's appeal. Sellers and their agents who are marketing homes during the season should make sure these spaces shine.

Judi Desiderio, Town & Country Real Estate

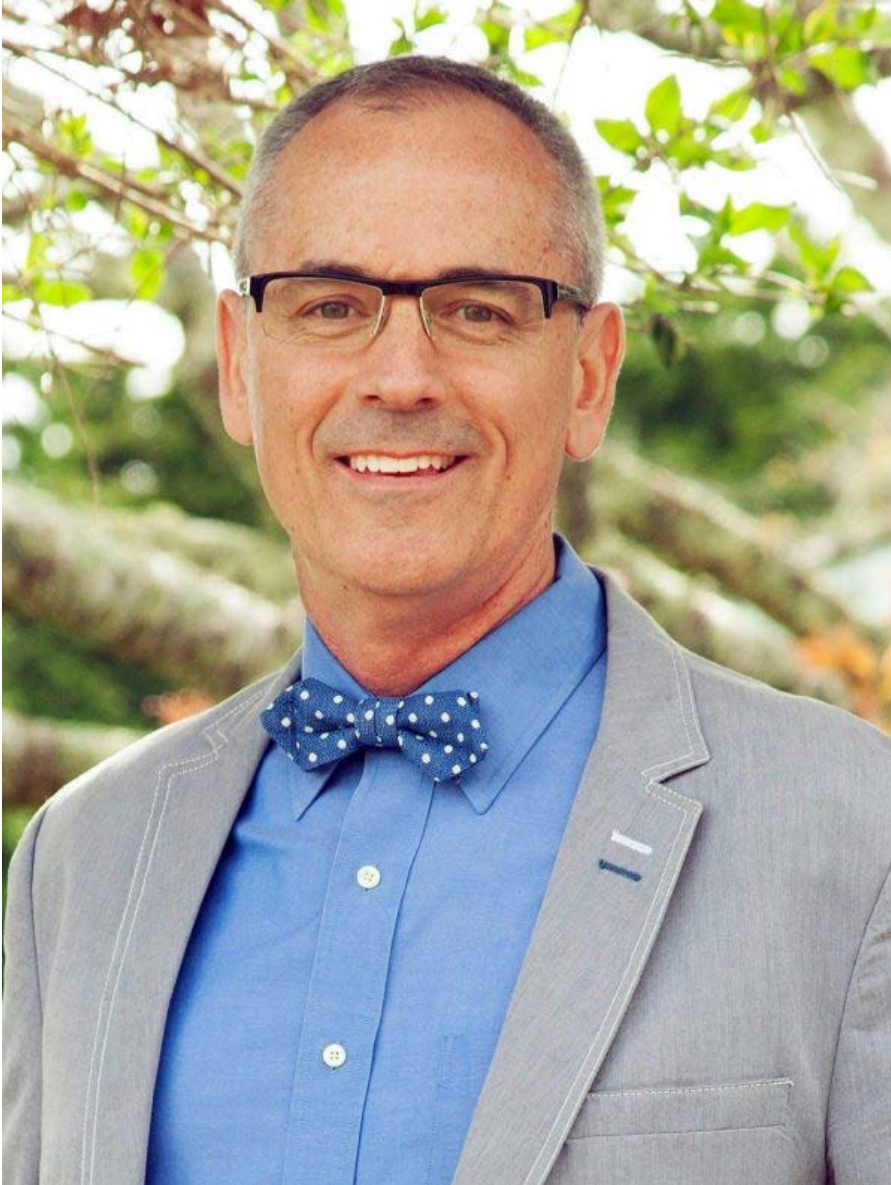


Judi Desiderio. Courtesy of Town & Country Real Estate

There has always been a small percentage of residential buyers who plan upfront to rent for two weeks or more to offset costs. T&C associates perform a rental analysis to help potential buyers evaluate the value of each time period. They are also advised as to the permit requirements by the respective municipality. Our associates discuss the importance of decor and outdoor amenities, as well as other features that add value to the rental. Lastly, there's always the event of a "bad rental season" — so hope for the best but plan for the worst!

Every year, the builders, developers, and decorators step up their game greatly. The outdoor and indoor features are world-renowned. I applaud their expansive creativity and willingness to push the envelope. Buyers love it, too! Whether it's a private outdoor jacuzzi off the primary bedroom or gas-powered light fixtures and everything in between, fun is the key!

Greg Schmidt, The Corcoran Group



Greg Schmidt. Courtesy of The Corcoran Group

My advice is to focus on homes that offer four or more bedrooms and baths, have a bright/open floor plan, a pool, and great outdoor space. People always study those online photos of the pool and yard, especially in the depths of winter, so make sure they look good (and sunny). Consider what each location has to offer prospective tenants. Does it have closer proximity to the city, or is it close to the beach or village?

If you're purchasing a property that you intend to leverage for rental income, it is important to be aware of some things. It is wise to list your rental property in the fall, don't wait 'til spring. Serious summer tenants start looking in autumn, and you'll get a jump start on all the other homeowners who wait too long. Also, if it's completely new to the summer rental market, you'll get much-needed exposure to the brokerage community before agents start getting

requests from their customers. Additionally, set reasonable expectations on your pricing, and if you're not getting any activity by mid-winter, be prepared to make a price adjustment.

In summer, it's all about the outdoors! It's when our region shines. Buyers looking in the summertime tend to be more aware of the pool area, garden, outdoor dining space, decks, patios, outdoor kitchens, and the overall flow of the home from the indoors to outside. Additionally, there's no excuse for weak curb appeal, as the lawn and landscaping in front of the house should all be showing at their best. Note to sellers: if you have any dead trees, bushes, or lawn areas, remove them and replace them with lush, healthy options.

Sheri Winter Parker, The Corcoran Group



Sheri Winter Parker. Courtesy of The Corcoran Group

When purchasing a rental property, the first crucial step is to ensure everything is legally compliant or can be easily brought up to code, so you can obtain your rental permit! On the North Fork in Southold Township, we have two-week minimums, while Riverhead Township is a 30-day minimum.

The combination of a good realtor and real estate attorney is crucial to help navigate any potential legal issues and build a solid foundation for your investment.

Let's talk about amenities that will make your rental appealing. Think about modern kitchen appliances, high-speed internet, and well-maintained outdoor spaces.

Location is equally important. Evaluate proximity to town, the beach, shopping, dining, and transportation hubs. Properties near parks or restaurants attract more tenants. You enhance your property's appeal and marketability by ensuring legal compliance and focusing on amenities and location.

Since Covid, home offices and gym spaces have become essential features in homes, but on the North Fork, there's a growing trend where more people are seeking properties with pools. While pools are standard on the South Fork, they are increasingly desired on the North Fork as well. Additionally, most renters are looking for properties that include beach passes, highlighting the importance of convenient beach access for a complete summer experience.

Alexis Meadows, Douglas Elliman



Alexis Meadows. Courtesy of Douglas Elliman

The balance between personal enjoyment of a residence and its viability as a rental has steadily increased in buyer consideration when contemplating a purchase in our market. I advise my clients to review both the pros and cons of such arrangements. Those looking from an investor mindset navigate those nuances more readily than those seeking a personal home and making a footprint in a community. Without a doubt, the income generated on a short-term or long-term rental will offset some, if not all, of the home's annual expenses, thus an enticing prospect; however, understanding the implication of taxes, permit acquisition, legality with tenants, wear and tear of the home, and being a landlord all factor into the equation. At the end of the day, I often pose the question; Is it worth your time, energy, expense, and the home's integrity to open it up for others to use, or is it best kept as a personal asset?

One of my favorite trends this year relates to clients expressing that they want to be a part of the lifestyle attainable on the East End. They look for homes that are within walking distance to quaint towns and villages, beaches, and wineries, so they can be out and about by foot or bike, to meet up with friends and family, enjoy the vistas, and generally feel part of their new community.

Jeremy Dunham, Compass



Jeremy Dunham. Courtesy of Compass

The Hamptons' appeal extends beyond just the summer months, and leveraging the off-season demand can be lucrative for property owners. We give our clients the full gamut of advice on the profitability of their property's revenue potential for in-season and off-season rentals. We have a section of our team dedicated to rental properties and rental clients. We also manage the rentals at the Watchcase Factory in Sag Harbor, which has 63 luxury condo units.

Understanding the different characteristics and behaviors of summer and winter buyers in the Hamptons is key. Summer buyers are driven by impulse and a desire for immediate gratification and may be more inclined to make quick decisions based on emotion and personal preference. This could mean that they are more likely to act decisively when they find a property they love during the summer months, especially if they've been renting in the area and are already familiar with what they want.

On the other hand, winter buyers tend to be more methodical and analytical in their approach. They may take their time to research properties, weigh their options, and consider the value and financial aspects of home buying more carefully. Their willingness to explore the market during the off-season months suggests a commitment to finding the right property and may lead to more deliberate decision-making.

Tailoring your marketing and sales strategies to align with the preferences and behaviors of these different buyer personas can help you better meet their needs and facilitate successful transactions.

Hamptons properties are almost always a great investment and go up in value. A lot of people purchase, knowing that the rent can usually pay for most, if not all, the annual expenses. The only time this got complicated was during Covid, when people purchased, and the rental prices were inflated.

Summer is a great time to purchase. Buyers get to see the yard, gardens, pool, and outdoor entertaining areas so they can see how they will use the house and property, and that is what they are most focused on.