



## Hamptons Real Estate Roundtable August 2024

Brendan J. O'Reilly | August 09, 2024

### Q&A *ROUNDTABLE*

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As the Hamptons peak season enters its final weeks, The Express New Group asked a panel of real estate professionals to weigh in on the state of the market — including how 2024 has performed thus far and where it's going next — and sought advice that could benefit buyers and sellers.

### **How has the sales market evolved since last summer?**

**Judi Desiderio:** As you know, I'm a numbers junkie, so I revert to the statistics for the facts. Town & Country's Mid-Year Home Sales Report showed 731 home sales for 2024, 815 home sales for 2023 and 1,400 home sales for 2022 — and 1,919 home sales for 2021. 2021 was the high-water mark. You can fill in the blanks from there. Caveat: All real estate reports are a view of the past 60-plus days' activity since we report on closed sales — closed sales are approximately 60 days from contract signing — then there's the time to record the sale. Looking forward, T&C is experiencing a clear uptick in activity on both the North Fork and the South Fork — but the weekly transfers are still at half tilt.

**Simon Harrison:** We do business in 10 Hamptons zip codes regularly, and yet we are Sag Harbor centric, and starter homes there are firmly above \$1 million now. The exceptions under \$1 million were often those sold for land to build new, and now those are very hard to find. People are happily trapped in their low interest rates of just two to three years ago, and that includes the leveraged \$2 million to \$20 million properties.

**Deirdre De Vita:** This has been a strange 12 months, where the market seemed to start and stop several times. We're seeing, however, that, on balance, it is doing alright: Our Q2 report indicates that median and average prices are up by double digits, and the number of sales has also come up since last year, by 8 percent. We still need more inventory, especially in our bread-and-butter price categories, but it looks like many buyers who were waiting in the wings for better conditions to emerge have started to realize that getting into the market now is better than losing ground year after year.

**Ashley Farrell:** I feel there is much more decisiveness in the market, especially on the part of buyers. Last year, many people put their home search on hold, in anticipation of the Fed lowering interest rates. When rates

remained, buyers reevaluated this strategy. Time waits for no one, and many decided not to allow unpredictable, outside factors to influence their life plans. Instead, home seekers now appear fully committed to the buying process — understanding you can refinance a rate over time but are rarely given a second opportunity to buy a home you once passed on.

**David Tenenbaum:** The sales market has been somewhat erratic since last summer. We had some increases in new listings during the late fall and early spring, but overall we still have lower inventories. A positive sign is that price corrections are on the rise since last summer.

**Michaela Keszler:** This year, the spring market was unusually slow due to our perpetual lack of inventory. Additionally, we've found more of our "snowbird" clients staying in Florida longer and not returning to the Hamptons until July. This new migration trend delayed our typically busy spring market, and now we're experiencing an unexpected busy summer. In the past month, our number of showings and offers have picked up dramatically.

**Cindy Scholz:** The Hamptons real estate market has seen a slowdown compared to the peak activity of the past few years. After a period of rapid price increases and high demand, the market has become more balanced. Home prices in the Hamptons have stabilized, and in some areas, they may have even decreased slightly. While the luxury segment remains strong, the broader market is less frenzied. Buyer sentiment has shifted a bit, with some potential buyers taking a wait-and-see approach. This could be due to a combination of economic factors and a normalization of the market after the pandemic-driven surge.

**Geoff Gifkins:** There has been a noticeable pullback from last year although median sales prices have increased, and low inventory remains an issue.

**Aimee Fitzpatrick Martin:** I'm happy to see more sales inventory on the market. As of July 31, the total listing inventory in the Hamptons was 1,978 (1,541 active listings and 437 listings in contract) compared to the 1,749 total listings this same week in 2023. While inventory is still much lower than before COVID, thankfully it's heading in the right direction. As far as pricing, homes that are priced to sell are selling. Homes that were priced over market value are now adjusting their numbers to get a buyer's attention. There are still many buyers out there who are actively looking and putting in offers. It will be very interesting to see how the market adjusts to the major changes that will take effect due to the National Association of Realtors settlement. As of August 8, there will be a decoupling of seller and agent commissions and offers of compensation can no longer appear on MLS. In addition, buyers will now have to sign a buyer broker agreement to tour a home. We're truly entering uncharted waters in the real estate business.

### **What features and amenities are must-haves for homebuyers lately?**

**Judi Desiderio:** Move-in condition. Very few buyers are able — or want — to do work. Sellers need to present their home in the best light possible from the launch of the listing.

**Simon Harrison:** Hamptons homebuyers have never conformed on style, size, investment range — yet most like a pool and a bathroom for every bedroom. I remember the seismic shift from 4/2 to 3/3 as common sizing, and now we see 7 bedrooms, 8.5 baths as “stock builds” by several companies.

**Deirdre De Vita:** I have a lot of buyers who are focused on privacy, which is harder to find than you might expect.

**Ashley Farrell:** Lately, many of my clients are seeking finished (or finish-able) basements. The rationale seems to be the abundance of kids' toys can be strewn across the basement without making the rest of the home look cluttered and disorganized. The basement is a place for the kids to be kids, and it keeps the parents happy in a cleaner home!

**David Tenenbaum:** Expansive outdoor spaces with amenities including fire pits, covered outdoor living room areas and outdoor kitchens. Also, home offices to accommodate work from home.

**Michaela Keszler:** Health-related amenities are superior for young homebuyers. Today, everyone seeks longevity. This is made evident in the demand for light saunas, ice baths, well-equipped gyms, yoga studios, etc. Additionally, excellent water filtration systems are now a must.

**Cindy Scholz:** Luxury buyers expect top-notch materials such as marble countertops, custom cabinetry, hardwood flooring and premium fixtures. The attention to detail in craftsmanship is crucial. Well-designed outdoor areas, including expansive patios, outdoor kitchens, fireplaces and pools, are increasingly important. Outdoor entertainment spaces with comfortable seating and high-end grills or pizza ovens add value. Dedicated spaces for fitness, such as home gyms with state-of-the-art equipment, as well as wellness features like saunas, steam rooms, or spa-like bathrooms, are becoming more sought after. Enhanced security systems, including gated entrances, surveillance cameras, and alarm systems, are important. Buyers also value privacy, so properties with large lots or natural barriers are preferred. With remote work becoming more common, a well-designed home office with high-speed internet, good lighting, and a quiet environment is increasingly important. Distinctive architectural styles, high ceilings, large windows with scenic views, and unique design elements can set a property apart. Custom details that reflect the buyer's taste and lifestyle are highly valued.

**Geoff Gifkins:** We have seen a significant increase in the demand for completed outdoor landscapes, and now most builders are paying more attention to these spaces and providing buyers with a fully complete package.

**Aimee Fitzpatrick Martin:** The desired features and amenities that buyers want haven't changed much. Buyers want turn-key homes with pools, a large kitchen, first-floor primary bedrooms, and a desirable location that's close to the beach. Waterfront buyers want a house that's FEMA compliant and can get flood insurance.

**With the presidential election rapidly approaching, are potential buyers and sellers taking a wait-and-see approach?**

**Judi Desiderio:** That certainly is the norm, but the numbers show we're far from a normal year. We have seen the high end fly high — this shows that many are taking some money off the Wall Street table and depositing it in fixed assets. Historically, our business picks up after any presidential election regardless of who wins.

**Simon Harrison:** Great question. That is happening on some level even though markets went up after nine out of the past 11 presidential election years. (1980 and 1988 were the last two that softened). This time, we are also seeing interest rates coming off 23-year highs, and inventory is well below average. That's three sets of bullish data to suggest that buying before is where the smart money is.

**Deirdre De Vita:** Generally speaking, we expect a presidential election to give people pause. Our market is a discretionary one, and uncertainty causes many to delay transacting. An interesting fact that I heard at a recent conference is that once the uncertainty is resolved, those who have held back will usually proceed, regardless of what the outcome was. Right now, I'm not seeing this pause, however. Perhaps it will kick in closer to election time.

**Ashley Farrell:** Interestingly enough, I have not seen this yet — although, I wouldn't be surprised if it's on the horizon. I've been through a few election cycles in my career, and there typically is a collective pause before November. However, this year, I have yet to see buyers and sellers move to the sidelines. In fact, I have one prospective seller who called and let me know he wants to jump into the market headfirst, as quickly as possible, before the election is decided. He believes real estate prices are going to come down. Time will tell!

**David Tenenbaum:** Yes, some are taking this approach and are being cautious. This is in conjunction with those buyers waiting for interest rates to drop.

**Michaela Keszler:** The election has not influenced my business. In reality, people who want to buy in the Hamptons are buying for the long haul — the lifestyle, the positive investment, its proximity to New York City, etc. I represent a number of international buyers, as well, who are unaffected by our election.

**Cindy Scholz:** Having attended one of Biden’s last presidential events here in East Hampton, what was clear to me is that humans are focused on legacy. And legacy is through the work done, foundations set up, and legacy homes ones pass down to keep tradition going. Buyers will move on the right home — they are not default-buying rather than making thoughtful decisions.

**Geoff Gifkins:** Some may be affected by this. However, in recent weeks, we have seen the market pick up with many homes going into contract. In a second-home market, the sales process and dynamics are different. Buyers may want a home in the area, but don’t have to have it, and, therefore, will wait until the time is right for them.

**Aimee Fitzpatrick Martin:** Historically, presidential elections have had a short-lived and minor impact on housing prices and the market in general. Experts agree that the expected September rate cut will help mortgage rates drop by November, which should appeal to buyers. However, this is a very unsettling election year with much at stake — so it remains to be seen. I’m optimistic it will continue as business as usual, and we will end the year on a positive note.

### **What advice do you give sellers about staging a home?**

**Judi Desiderio:** Choose a broker who can help guide you. There’s lots from the first impression when you pull up to appealing to the seven senses.

**Simon Harrison:** The first response is to empty the house and paint the interior any color you want as long as it's white. That still gets a laugh, and yet it still makes the house larger, brighter and cleaner for our videos, photography and for open houses and showings. Doing anything more is at risk of a negative ROI, or missing the market as we always have buyers waiting for new inventory.

**Deirdre De Vita:** Staging really works. To the extent that a seller is willing to stage their home, they will directly benefit from it. The baseline is to clean, declutter, and depersonalize the property. From there it can be as simple as repainting worn areas or refreshing a front porch, to an all-out furnishing of the principle rooms or the whole building. Virtual staging is also effective, but creating an actual inviting environment is still the best approach.

**Ashley Farrell:** DECLUTTER, DECLUTTER, DECLUTTER! I tell my sellers their home should look like a hotel suite. Congested surfaces, knickknacks, family photos, toys and general “stuff” is distracting. By the way, buyers will also open your cabinets and closets; if they're jam-packed, this draws attention to the fact you may not have enough storage in the house — a definite downside!

**David Tenenbaum:** I am a strong proponent of home staging. Buyers and end users have a difficult time envisioning a space and how it should be lived in. Staging provides so much value and will normally inspire multiple offers and higher offers. A perfect example is my listing on 45 New York Avenue in Shelter Island Heights. This house showed beautifully with crisp and modern furnishings.

**Michaela Keszler:** Keep it clean and simple. Lean into a beachy aesthetic and remove overly personal items such as photographs, etc. This helps attract a wider range of buyers and allows them to envision themselves living in the home.

**Cindy Scholz:** The first impression matters. Ensure the exterior of the home is well-maintained, with a manicured lawn, clean driveways and appealing landscaping. Consider adding outdoor seating or lighting to



enhance the curb appeal. Arrange furniture to highlight spaciousness and flow. Use high-quality, stylish pieces that complement the home's design. Ensure each room has a clear purpose and is arranged to maximize functionality and aesthetics. Consider hiring a professional staging company with experience in luxury properties. They can provide high-end furnishings and decor that align with current design trends and buyer expectations. Use art, sculptures and accessories to add interest and elegance. Choose pieces that complement the home's style without overwhelming the space. Quality artwork and unique accessories can enhance the luxury feel. Ensure all areas of the home are well-lit, using a mix of natural light, ambient lighting and accent lighting. High-quality fixtures and strategically placed lighting can highlight architectural features and create a warm, inviting atmosphere. A pleasant, neutral scent can enhance the overall experience of viewing the home. Avoid heavy fragrances; instead, opt for subtle, fresh scents like citrus or vanilla. Ensure the home is spotless. Professional cleaning, including carpets and windows, is essential to make the property look its best.

**Geoff Gifkins:** Attention to details is very important. Sellers need to look at their home from a buyer's perspective, declutter, clean entryways and make any necessary repairs. The competition is tough, so refreshing the interior can be a good idea, but always understand every buyer has their own opinion. Hiring a professional can make a big difference, and we see it all the time, especially when new construction homes are staged and quite often, they are sold with the furniture.

**Aimee Fitzpatrick Martin:** It's very difficult for most buyers to walk into an unfurnished home and easily picture the rooms furnished. Virtual staging is certainly helpful (especially if a seller's budget doesn't allow for staging — which can be expensive). At a minimum, I recommend sellers stage the living room and primary bedroom with soothing colors and neutral furnishings. You want a buyer to walk into a house and picture themselves "at home" and living there.

**How has the summer rental season performed?**

**Judi Desiderio:** It started out red hot — then fell off.

**Simon Harrison:** Not an ideal year for us old-school brokers that offer monthly and full season rentals, as many tenants have shifted to shorter-term stays. This puts us out as under two weeks are often not permitted. Personally, I'm OK with that as we aren't in the muffin business, and those that are, still buy houses from us to hotel-motel them.

**Deirdre De Vita:** This has been the worst summer rental season in my 17-year tenure as a broker. We still have an imbalance of a very-large rental inventory and a smaller-than-usual pool of tenants. Exuberant pricing exacerbates this.

**Ashley Farrell:** There are more homes which have sat unrented in the last one to two summers than in years past. However, more buyers have also purchased in the last three to four years and many have transitioned to landlords. This has caused the supply of summer rentals to increase, while the demand has remained relatively the same, leading to an excess of inventory.

**David Tenenbaum:** Slower than years past. People are waiting until the last minute to secure rentals and get better deals.

**Michaela Keszler:** Last year, we experienced one of the busiest summer rental seasons of all time. This year, that performance slowed, and pricing had to adjust to accommodate the market.

**Cindy Scholz:** The best homes, most desirable in location and design rented by Q1; the rental season then was very slow with few renters taking Memorial Day to Labor Day; instead, renters opted for one-month rentals, and many went to sites such as Airbnb to rent short term.

**Geoff Gifkins:** With the U.S. dollar so strong, many renters have taken advantage of the exchange rate and traveled overseas; others have opted for shorter stays. Some landlords priced themselves out of the competitive rental market and did not rent. The rental season was slower than previous seasons.

**Aimee Fitzpatrick Martin:** It felt like there was an earlier start to the 2024 rental year compared to prior years. Usually, Presidents Week kicks off the rental season, but by the end of summer 2023, a lot of people were already nailing down 2024 rentals, and that continued through the fall. Things slowed down over the spring, and now I'm seeing last-minute requests for August. There's still plenty of inventory out there and homeowners willing to make good deals.

#### **What solutions are employers finding to house their employees seasonally or year-round?**

**Judi Desiderio:** Great question. It looks like the municipalities are recognizing the critical junction we're at and opening the door for workforce housing. Check with them.

**Simon Harrison:** The best time to plant an apple tree is 15 years ago. We are in housing of all kinds. Employers are coming to us more often, and we help them with the exact same choices as many of our clients and customers, which usually means rent seasonally or buy. The economics always filter through to the cost of services, from a restaurant tab to infrastructure.

**Deirdre De Vita:** They are casting a wide net: from securing rentals for their staff in January, to buying property and building or renovating the housing themselves. There is still not enough staff housing though, by a long shot.

**Ashley Farrell:** This is a tough one and has been an issue for many years in the Hamptons. Well-established businesses are exploring purchase options for their employees. In fact, two long-standing country clubs in the

Hamptons just purchased multimillion-dollar homes to house their seasonal employees, feeling it was a better investment than renting living space year after year.

**David Tenenbaum:** Most are looking for year-round or long-term rentals to accommodate housing for the staff, but some local businesses are investing in purchasing housing for their staff.

**Michaela Keszler:** Most employers will rent smaller homes in the area to house their employees. In fact, I recently listed a boarding/rooming house on top of a section of an estate, and it went under contract right away.

**Cindy Scholz:** Short-term housing is a major issue. Many will rent homes in the Springs area of East Hampton or go farther west such as Westhampton or even Riverhead.

**Geoff Gifkins:** It is becoming a serious issue. Many are supplying housing over the summer months, others are offering travel incentives, and due to cost of living here the gap is getting wider and wider every year.

**Any thoughts on the new season of “Selling the Hamptons” that debuted earlier this year?**

**Deirdre De Vita:** I barely ever watch TV, but I’ll be sure to check this out someday soon. It will be a busman’s holiday for me! I’m deeply immersed in the day-to-day drama of selling the Hamptons.

**Ashley Farrell:** I haven’t seen it — given real estate can often feel like a 24/7 gig, I try to decompress with shows unrelated to my job. I have a lot of thoughts on “The Real Housewives of New Jersey” if anyone’s interested ...

**David Tenenbaum:** Not a fan at all. It seems contrived and over-dramatized. Their behavior on screen does not convey how Hamptons agents behave. Overall, I think the brokerage community out here is mostly friendly, and we all are trying to close deals with each other in a friendly manner. The show does not convey that at all. Also, those agents did not close one deal on the show, which seemed odd to me.

**Cindy Scholz:** These reality shows devalue what we do as they are completely scripted and untrue. Most any luxury broker would not partake in a show like this to respect the privacy of their discerning clients.

**Geoff Gifkins:** Let's take away the illusion that real estate is a glamorous job. It is tough, requires a lot of hard work, perseverance and experience. These shows do a great job showcasing our area and some of the high-end real estate; however, they are a reality show designed for streaming platforms and a global audience.

**Aimee Fitzpatrick Martin:** Like all reality shows, "Selling the Hamptons" can certainly be entertaining and over the top — but it doesn't reflect my reality in selling high-end homes in the Hamptons. Real estate can be a very stressful job with many personalities involved, but my reality working as a broker selling waterfront and luxury homes in Quogue and Westhampton is not as drama filled as what you see on the show. I have great working relationships with my Saunders colleagues and competitors at other brokerages. We respect each other, and there are very rarely fireworks.