

# Hamptons Businesses Abandon Year-Round Dreams

May 22, 2024 | Sasha Jones, New York City (<https://www.bisnow.com/author/sasha-jones-763656>)  
(<mailto:sasha.jones@bisnow.com>)

The upcoming Memorial Day weekend heralds the official start of the busy season for beach towns. For businesses in the posh portion of Long Island known as the Hamptons (<https://www.bisnow.com/tags/the-hamptons>), it's a reminder that the hope that the pandemic would fuel more business between October and April has been extinguished.



Throngs of new residents flocked to the affluent New York summer destination in 2020 and 2021 in search of fresh air and more space. Home sales surged, children were enrolled in local schools and businesses signed long-term leases under the false promise of the area becoming a year-round community.

“A lot of these big players came in and said ‘We’re going to be open year-round,’ and they were last year and the year before. But there were less city people here during the winter,” said Compass

(<https://www.bisnow.com/tags/compass>) broker Hal Zwick, who specializes in East End commercial real estate. “They started closing three or four months [of the year], and I think we're going to see more of that next winter.”

Victoria Batha, who owns the business The Pilates Snob, is one of those players.

In September 2020, she told *Bisnow* that she expects “a year-round presence” that will present an opportunity for her business (<https://www.bisnow.com/new-york/news/neighborhood/hamptons-105912>).

However, she later moved back to New York City. She would commute back to her Montauk (<https://www.bisnow.com/tags/montauk>) studio during holidays or certain weeks when she anticipated more customers in town.

“I didn't really feel like I had enough year-round clientele,” Batha said.

Now, as caterers and resorts are once again booked for the summer, Batha is planning on returning to the area later this month, though this time she’s not certain for how long.



The number of bookings made so far this year has remained steady from 2023, according to data by luxury rental firm StayMarquis. However, rental inventory surged approximately 20% between 2022 and 2023 as pandemic homebuyers increasingly opt to rent out their homes for the summer, StayMarquis co-founder Bryan Fedner said.

Many pandemic-era buyers have traded in time in the Hamptons for trips to Europe and elsewhere overseas, putting a dent in the summer crowd, Fedner and others said. Some who hoped to spend more time at their beach houses have had to return to the city due to office mandates.

"The return to office — or at least having two, three days return to office — has impeded the full transition to it being a year-round destination," Fedner said.

The average Fortune 100 employee is required to be in the office three days a week, with executives being the first to be called back to the office, according to data by JLL (<https://www.us.jll.com/en/trends-and-insights/research/office-research-snapshot-12-15-2023>). Last year, 20% of financial services (<https://news.bloomberglaw.com/banking-law/fewer-wall-street-firms-now-require-full-time-office-attendance>) companies mandated that employees return five days a week, and since then, Wall Street titans Goldman Sachs (<https://fortune.com/2023/08/22/goldman-sachs-return-to-office-rto-five-days-weekly/>) and Barclays have (<https://www.bloomberg.com/news/articles/2024-05-21/barclays-weighs-5-day-office-workweek-for-staff-tracked-by-finra>) also warned that a full in-person workweek is coming.

Such mandates have led some families to desert the beach for a return to pre-pandemic routines.

"The high-fashion brands are probably getting a bump from the rental side of things because when you're on vacation you have a higher propensity to spend money," Fedner said. "Versus the everyday or every week routines, like yoga, gyms and things of that nature, are probably taking a bit of a hit."

Lee Minetree, a Hamptons-based commercial real estate broker with Saunders, said he saw a jump in office leasing during the beginning of the pandemic, as leasing in the city plummeted. Doctors, lawyers and city employees alike were looking to open offices in the area. Demand has since diminished.

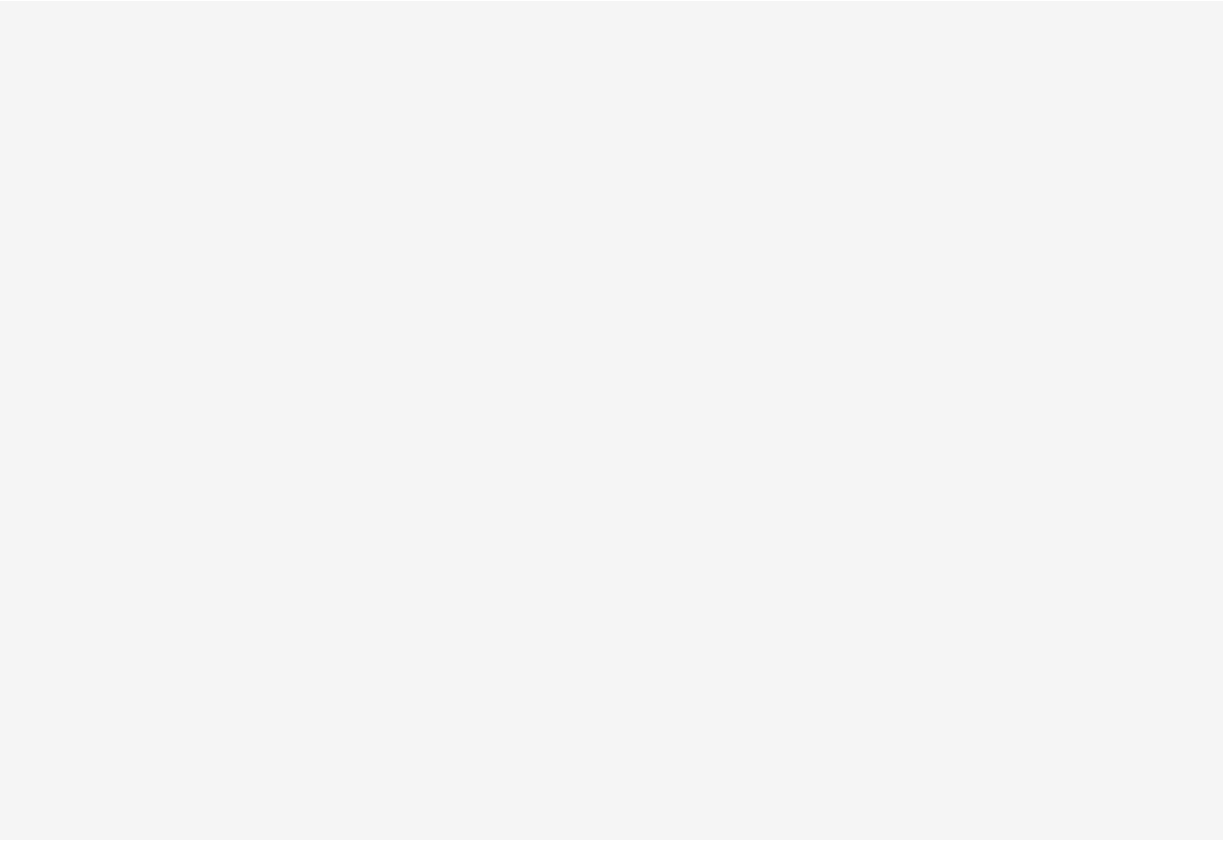


“A lot of office space isn't being used,” Minetree said. “That’s an issue these days.”

Even with the change in clientele, Hamptons retailers remain challenged by hiring and housing year-round staff (<https://www.bisnow.com/new-york/news/affordable-housing/hamptons-beach-towns-housing-114386>) — an additional cost for retailers on the margins.

The median home sales price in the area is \$1.8M, according to a report ([https://millersamuel.com/files/2024/04/Hamptons-Q1\\_2024.pdf](https://millersamuel.com/files/2024/04/Hamptons-Q1_2024.pdf)) by Douglas Elliman (<https://www.bisnow.com/tags/douglas-elliman>) and Miller Samuel (<https://www.bisnow.com/tags/miller-samuel>), while the median rent in East Hampton (<https://www.bisnow.com/tags/east-hampton>) is \$40K, according to Zumper (<https://www.zumper.com/rent-research/east-hampton-ny>). That astronomical figure is still down 16% from last year.

Such costs require business owners to invest in workforce housing (<https://www.bisnow.com/tags/workforce-housing>). It’s especially the case since government subsidies, like Section 8 (<https://www.bisnow.com/tags/section-8>), have closed waitlists due to substantial demand with no expectations to reopen for “a number of years,” the town of East Hampton’s website (<https://www.ehamptonny.gov/219/Section-8-Housing-Choice-Voucher-Program>) says.



Minetree and Zwick said that they saw a number of large, New York City-based restaurateurs express interest in opening in the Hamptons before backing out due to the high housing costs.

Several developers have made proposals over the years to address the affordable housing shortage. Most recently, East Hampton announced it will begin deploying the \$4.2M available in its Community Housing Fund, the East End Beacon reports (<https://www.eastendbeacon.com/east-hampton-shares-plans-for-housing-fund-money/>). That money could be used to fund accessory-dwelling units or larger housing projects.

But many others have had the rug pulled out from under them, despite the pandemic leading to some brief traction.

When it was revealed that Gov. Kathy Hochul (<https://www.bisnow.com/tags/kathy-hochul>)’s housing plan last year could result in the construction of around 600 new housing units in East Hampton Town within three years, the town’s planning director labeled it “the death of our community,” the East Hampton Star reported (<https://www.easthamptonstar.com/government/2023323/town-plans-gov-hochuls-housing-plan>). The town only added 379 units (<https://www.easthamptonstar.com/government/202437/east-hampton-looks-to-become-pro-housing-town>) of housing between 2020 and 2022.

Months later, on the north side of the South Fork, a group dubbed “Save Sag Harbor” was victorious in a lawsuit blocking developer Adam Potter’s proposed 79-unit affordable housing and retail complex, the Star reported (<https://www.easthamptonstar.com/villages/2023413/court-blocks-sag-affordable-housing-law>).

When those projects are killed, so are the dreams of many long-term retail operators.

“Everybody agrees that [affordable housing projects] are required and necessary, but they always come up with an excuse. Not in my neighborhood, it will impact the schools too much. They're afraid that their house values will go down,” Zwick said. “You should see the train that gets in at East Hampton about a quarter to seven every morning. About 70 teachers get off.”

To house her staff, Batha, the yoga studio owner, typically rents her friend’s Montauk home for a discounted price. Even that can be pricey, she acknowledges.

"It's just so expensive and cost prohibitive to bring employees out east," Batha said.

*Contact Sasha Jones at [sasha.jones@bisnow.com](mailto:sasha.jones@bisnow.com)  
(mailto:sasha.jones@bisnow.com)*

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