

## Retailers rushed to the Hamptons during the pandemic. Will they stay?



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DENIS TANGNEY JR. VIA GETTY IMAGES



By [Sasha Jones](#) – Reporter, New York Business Journal

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During the pandemic, New Yorkers fled to the Hamptons, buying homes for skyrocketing prices and booking long-term rentals. Retailers followed.

The increased population in the Hamptons during peak Covid spurred hopes of a year-round community on the East End of Long Island, where previously businesses thrived in the summers but hibernated in the winters. Now, as the residential market stabilizes, retailers are navigating a novel landscape.

Hamptons residents expected its population would increase by 50% following the pandemic, leading retailers to seek out long-term leases – usually with three-to-five-year terms – instead of the typical pop-up stores that are custom in the area, according to Compass retail broker [Hal Zwick](#).

“There's probably a 15% increase in our population,” Zwick told the New York Business Journal. “These are all people from New York City primarily with the

disposable income to shop in the retailers and go to the restaurants, but I know it's not the 50% that people had hoped for.”

Real estate experts said that compared to pre-pandemic times, visitors are coming to the Hamptons for longer periods – often for long weekends – thanks to hybrid work schedules, but are no longer staying for weeks or months on end like they did during Covid.

In 2020, nearly 8% of rental bookings lasted more than two weeks, according to an analysis by vacation rental company StayMarquis of online bookings made through its platform, Airbnb and VRBO. In 2022, that percentage fell to 3%, and month-long bookings represented 1% of all bookings – the lowest in the last four years.

“What we saw was that a lot of people who bought properties during the pandemic probably bought them at a pretty high basis, and in 2020 and 2021, they were spoiled. People were booking these properties for a lot of money, very far in advance and for long-term stays,” StayMarquis co-founder and Managing Partner [Bryan Fedner](#) said.

Fedner said a return to work, as well as kids returning to school, has shifted booking types. Still, investments in Hamptons homes remain profitable in the long-term even for those who bought property at inflated prices.

“One of the main considerations of why people buy in the Hamptons is because they’re downside protected,” Fedner said. “They can turn to the rental market and be able to carry the property. The rental revenue that they would be able to generate would pay for the property, all the operating expenses, the real estate taxes, the insurance, and they have this appreciating asset that they can use in their downtime.”

Both Saunders commercial broker Lee Minetree and Zwick said they continue to often get calls for pop-up stores. The issue is that long-term leases have depleted inventory.

Meanwhile, the Hamptons have also seen some prominent retail property sales. In a deal closed March 31, a building at 1 Main St., currently occupied by Cartier, was acquired for \$22 million by [Bernard Arnault](#), CEO of LVMH and the world's richest person. The 5,000-square-foot building was the largest commercial trade on the East End so far this year and sold for \$4,400 per square foot.

For comparison, the priciest commercial sale last year was an outlier based on previous standards: 21 Oceanview Terrace – a 96-room hotel on the ocean – traded for \$77.5 million. The second most expensive, which sold for \$28 million, was 66 Newtown Lane, a 20,000-square-foot building that houses nine retailers on the ground level and 12 office suites on the second floor. That chalks up to \$1,400 per square foot.

Minetree described another property around the corner from 1 Main St., which had a retail space come on the market asking \$250 per square foot with a minimum of a five-year lease.

“They had 14 offers in a matter of a week,” Minetree said.

Luxury retailers along with food and beverage sellers have been popular tenants expanding in the Hamptons. Minetree has also orchestrated leases for hospitals, including with Weill Cornell Medicine.

For those businesses that have signed long-term leases, the question remains as to whether they will choose to renew.

“It's going to depend on how much business they do,” Minetree said.

“Indications so far is they are doing the business, I believe.”

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