

ROUNDTABLE



Geoff Gifkins
Nest Seekers



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Alan Schnurman
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Judi A. Desiderio
Town & Country
Real Estate

The pros weigh in on the nuts and bolts of

REAL ESTATE

Moderated By **careyLONDON**

Real estate is always churning and evolving. On the East End, this industry makes up a large part of the economy, and every change can have a ripple effect. We asked some of the top real estate brokers in the region their thoughts on the market today and where it's headed, as well as on some ongoing issues, including affordable housing and limits on building size.

Which town or village do you live in out here, and why did you pick it?

Alan Schnurman: *I have lived in Bridgehampton South for almost 30 years. For my family, it's all about convenience. We are walking distance to the beach and depending on traffic, only a short drive to the villages of Southampton, East Hampton and Sag Harbor. The open farm fields and ocean breezes are a plus.*

Judi A. Desiderio: *East Hampton on Gardiners Bay and winter home in the village. East Hampton is just right ... not too small, not too big; easy access to Southampton, Montauk, Sag Harbor, Shelter Island and the North Fork. And, frankly, it's one of the most beautiful places on the planet!*

Andrea Ackerman: *Sag Harbor. It is where I first settled in the Hamptons many years ago, because it is a village on the water.*

Paul Brennan: *Sagaponack. Sagaponack picked me. Part of the farmland our family owned and farmed was approximately 100 acres across from Wölffer's Vineyards. It seemed like a no man's land back in the late '60s, early '70s. There were vast unobstructed views of potato blossoms from Montauk Highway to the ocean, one of the most remarkable views I have witnessed. I have been blessed to own a house overlooking 30 acres of potatoes in Sagg, one of my greatest joys in life.*

Denise Kerrigan Perfido: *Westhampton Beach—I always knew I would live here. I was drawn by the beach, the quaintness of the village and the proximity to the city.*

Dana Trotter: *My husband, children and I live in Sagaponack North, which has easy access to Bridgehampton and Sag Harbor in addition to being a beautiful area.*

Geoff Gifkins: *I live in Southampton and have for 20 years.*

What's the most unusual request you've received from buyers this year for home style or amenities?

Alan Schnurman: *An indoor pool that extends outside the house.*

Judi A. Desiderio: *Helicopter pad.*

Andrea Ackerman: *Asking for way too much compared to the money they are willing to spend.*

Denise Kerrigan Perfido: *The most unusual request has been a buyer looking for a property in our area that has a dock that could accommodate a yacht.*

Dana Trotter: *I received a request for mid-century modern homes designed by famous architects.*

Is there a particular area of the market that still has some bargains?

Alan Schnurman: *There are no bargains in the Hamptons. Properties are priced by location, amount of land, and the home and amenities. Selecting bargain-priced areas is not for the faint of heart. The villages are always in demand. If you can find a well-priced home and have no problem doing work, you can immediately add value to your investment.*

Judi A. Desiderio: *Bargains exist in every price range and every different market. You just have to know what you're looking at and have a seasoned agent to help zero in on such bargains.*

Andrea Ackerman: *In my recent experience, \$2 million to \$3 million.*

Paul Brennan: *A bargain is relative, but yes, there are bargains in the marketplace—usually overpriced houses that have been sitting on the market but not in the market.*

Denise Kerrigan Perfido: *If there is an area that still has some bargains, let me know, I'll bring my checkbook.*

Dana Trotter: *Bargains are always relative at every price point, but Noyac and Springs still have nice homes under \$1 million.*



Tiny house living is growing popular throughout the country, namely because it's more environmentally sound and affordable. Do you think this movement will reach the Hamptons? Why or why not?

Alan Schnurman: Downsizing of homes is much in favor. We are finding retired individuals and empty nesters selling larger homes and moving to the villages for the convenience of village living, lower expenses and ease of care. Smaller, environmentally-sound homes will be consistent with our changing climate.

Judi A. Desiderio: There will always be a market for the sweet little beach cottages that dot the East End. Not everyone wants a mansion.

Andrea Ackerman: Many owners are already selling and downsizing to simplify their lives.

Paul Brennan: Bigger is usually equated with better in this market. I believe it's also age-dependent. As the population ages, they don't want the responsibility of huge maintenance. Houses also turn over an average every five years in this market.

Denise Kerrigan Perfido: I do not see this trend of "tiny" houses coming to the Hamptons, we live in the land of the McMansions. I do, however, know there is a need for 55-and-older condo communities in our market area. We have a segment of the community retiring to the South and they would still like to be able to come back North in the summer, but to a smaller, more manageable home.

Dana Trotter: Environmentally-friendly, affordable and tiny are not generally associated with luxury, but with that said, there are some very cool net-zero homes on the market. I expect the trend toward energy-efficient designs and materials will continue, especially with modern architecture.

Geoff Gifkins: Yes, it is a global trend and we have seen the recent success of large condominium projects that offer high-quality amenities without the high cost of property maintenance. These smaller units are in high demand, with many new projects coming to market. Most of the villages would welcome these smaller houses, as many are setting stricter guidelines for large homes. Southampton Village just passed new guidelines correlating the number of bedrooms to the number of parking spaces available. These smaller home developments will be popular if developed in the right way with the least amount of impact to the environment.

The lack of affordable housing is a big issue in the Hamptons. What are some sustainable solutions we should explore?

Alan Schnurman: Affordable housing should be on the top of every town planner's list. We live in a community where children who grow up here cannot afford to live in the Hamptons. Workers commute hours, adding to morning and evening traffic tie-ups. The present conditions are not sustainable on a long-term basis.

Judi A. Desiderio: Every consultant has suggested mother-daughters, guest homes, apartments, etc., yet the towns do nothing to accommodate. Additionally, every town and village needs to make allowances. We need a balance between preservation and development, and let's also address parking and roadways while we are discussing important items that need to be considered.

Andrea Ackerman: That's a good question. It seems that the Hamptons and affordable housing is a contradiction. It is expensive to live here.

Paul Brennan: I really don't have a solution for affordable housing. Again, that should have been planned for many years ago and any solution will have to be spearheaded by the state, county and towns—perhaps modeled after the CPF program. One area that should be considered is Riverhead, which is central and accessible to both forks.

Denise Kerrigan Perfido: Part of our problem is that we have septic systems, no sewers on most of Long Island. Sewers are the answer for the most part—it allows for the higher-density building, which would bring more housing to the area. While having said this, we also must continue to be good stewards of our environment and be careful not to "overbuild" and overburden our infrastructure. Balance, balance, balance. Common sense must prevail.

Dana Trotter: This is a huge and complex issue that affects many urban centers in addition to second-home vacation areas like the Hamptons, so I should leave it to the politicians and planners to discuss solutions.

The summer rental market is down from last year, as home sales are up. Why are people buying more than renting?

Alan Schnurman: *It's all about interest rates being at historic lows and a stable stock market. There is a feeling of confidence. The economy is improving, with lower unemployment. Asking prices for new construction are up and setting the trend for rising prices. Longtime renters are taking advantage of this low interest rate environment. They do not want to be priced out of the market. History has shown that when our market rises it can be very rapid.*

Judi A. Desiderio: *Timing. Many buyers sat on the fence for years waiting for a recovery from the great recession. We recovered and the East End housing market came back with a vengeance! Compounding that march forward are historically low interest rates and buyer demographics like aging baby boomers who are looking to secure a place for family vacation time ... and what better place than out east?!*

Andrea Ackerman: *Money is still cheap. Interest rates can rise.*

Paul Brennan: *Low interest rates coupled with new houses to buy.*

Denise Kerrigan Perfido: *There is always an ebb and flow between the rental and sale market. Interest rates are fantastic and a savvy buyer knows when to buy. This past year has proven that there are many of them.*

Dana Trotter: *As far as sales, there has been a significant increase in activity in the \$6 million to \$10 million range, but not across the board. The rental market is very competitive, because more people are listing their homes and short-term owner-direct rental sites are taking off.*

Geoff Gifkins: *Our rental numbers were up over last year, I think with more agents and brokerages entering the market there has been a shift, that is all. Sales are definitely up, as it is a good time to buy, with all sectors showing growth. Interest rates are still low, and with property prices climbing many see a great opportunity.*

Which price points are strongest at the moment?

Alan Schnurman: *Under \$2 million is the sweet part of the market. More than 50 percent of the sales are in this range.*

Judi A. Desiderio: *The high end, over \$20 million, had a great ride for the past 18 months, but the next surge, I believe, will be had under \$5 million.*

Andrea Ackerman: *Under \$5 million.*

Paul Brennan: *\$1 million to \$5 million.*

Denise Kerrigan Perfido: *Price points over \$3 million are typically the strongest.*

Dana Trotter: *The \$6 million to \$10 million range had nice growth over last year, but as usual, the \$1 million to \$3 million range had a significant amount of sales. The \$10 million-plus range has also been fairly active.*

Geoff Gifkins: *Under \$1 million and between \$3 million and \$4 million.*

Is west-of-the-canal showing any growing strength, or is it more or less flat?

Alan Schnurman: *All of the Hamptons markets are strengthening. The waterfront properties west of the canal are desirable and value priced.*

Judi A. Desiderio: *Yes. In a huge way, as traffic has become a big deterrent, and the demographic of the buyer is getting younger, and they want to get out east quickly and be able to go back to the city at any given moment for that important meeting.*

Paul Brennan: *West-of-the-canal is making a comeback due to its closer proximity to the city.*

Denise Kerrigan Perfido: *If you are referring to villages such as Quogue, Westhampton Beach, Westhampton, West Hampton Dunes, Remsenburg and East Quogue, the real estate market is doing very well. Our beaches are better than ever, our schools are terrific and our commerce is doing quite well.*

How do sales prices compare to asking prices at various price points?

Alan Schnurman: *We are in a balanced market. If the home is priced correctly, it will sell fairly quickly, at or near the asking price. New construction always sets the trend for pricing. In some locations, asking prices for new construction are up double digits.*

Judi A. Desiderio: *This is a loaded question that cannot be answered. It has nothing to do with the price range, but everything to do with the price and product. I see new listings at \$50 million that will be on the market at that price for 10 years, as it's worth half that. Now, is that an unrealistic seller or broker who wants a \$50 million listing more than they want to give proper advice?*

Andrea Ackerman: *If a house is priced correctly, it sells close to ask, sometimes even resulting in a bidding war and going over asking price. Our philosophy is: You cannot price a property too low!*

Paul Brennan: *Sales prices vary from asking prices between 5 and 15 percent.*

Denise Kerrigan Perfido: *Water is always wet, real estate is always real estate. Price it right and you'll sell it right, no mystery.*

Dana Trotter: *I experienced owner negotiability at several price points recently and I think it depends on the owner's individual circumstances and the accuracy of the initial listing price.*

What do you predict the Hamptons market will look like this fall?

Alan Schnurman: *There is no indication of any reversal in the continued upward trend. Supply is being absorbed at rates not seen since the beginning of the recession. Unless there is instability in the financial markets, our market will be fine for the near future.*

Judi A. Desiderio: *The fall selling season, which begins mid-August, should be a healthy market for most areas and most price ranges, though there are some [where] I sense a little slack in the tow line. That said, barring a radical change in the stock market or global economy, it should be business as usual!*

Andrea Ackerman: *Hopefully, it will be active. We are all hoping that this winter will not be as bad as last year and that the fall-to-spring activity will be an improvement over last year.*

Denise Kerrigan Perfido: *You give me tonight's winning lottery numbers and I'll tell you. Seriously, I am looking forward to an even better selling season this fall. I believe the smart investor will still look to shelter their money in our area for their second-home properties. I am continuing to see existing "teardown" inventory being purchased, which means we may have a "new construction" inventory on the horizon.*

Geoff Gifkins: *We will see increased sales in the fall as many new projects hit the market. Investors and end users alike see the Hamptons residential market as a sound investment.*

Which style is trending more heavily, modern or traditional homes, and why?

Alan Schnurman: *Home styles are like fashion, ever changing. Today's trends are for traditional exteriors and more modern interiors. We call it "transitional." The market wants a "smart home," with functional, clean lines and modern amenities. In addition, we are seeing a return of the flat-roof contemporary homes of the '80s. Lots of glass and loft spaces.*

Judi A. Desiderio: *Traditional is always the driver, but there's a strong interest in well-done modern homes. The perfect combination is when we see a traditional exterior with lots of glass and clean modern lines and fixtures.*

Andrea Ackerman: *Good modern is coming back in a big way.*

Paul Brennan: *Traditional style with living room with high ceilings, large master bedroom, large marbled bath and large kitchen. Large finished basement with all the extras that makes living underground a blast.*

Denise Kerrigan Perfido: *While there have been a few customers looking for contemporary styles, both new construction and pre-existing, buyers are still, for the most part, interested in the Postmodern style.*

Dana Trotter: *The flavor of the moment is a mix of both, because most people want traditional shingle exteriors with open modern interiors.*

Geoff Gifkins: *Modern barns are trending right now with traditional appearance on the outside, yet modern flare and open minimalist design on the inside.*

The villages of Southampton, East Hampton and Sag Harbor are considering [further] limiting the size of houses. Do you think this is a good idea? Why or why not?

Alan Schnurman: *There has been much discussion on this issue. Both sides have valid points. I personally believe that all size homes, under the present codes, can live together. It makes for a diverse and interesting community.*

Judi A. Desiderio: *I believe the villages have existing zoning laws which address setbacks, rooflines, accessory structures and house sizes. While I understand the need to maintain the integrity of our beautiful hamlets, we must be mindful—even careful—not to be too controlling. After all, if you look at the original estates of East Hampton and Southampton villages, built by some of the wealthiest people in America at the time, those gorgeous icons could not be built with today's regulations—most have 3 stories, guest homes, fully cleared lots, etc., and we all treasure these homes. Many are included on the National Registry of homes in America. What are we leaving for future generations? Think about that.*

Andrea Ackerman: *That's fine as long as the limitations are not unreasonable.*

Paul Brennan: *Frankly, I don't think limiting the size of houses will be helpful or make a huge impact upon the character of neighborhoods. The horse is already out of that barn. Too little, too late.*

Denise Kerrigan Perfido: *My opinion is, if it is my land and I pay the taxes, I should be able to build what I like, within reason, of course.*

Dana Trotter: *While it's important to preserve the charm and character of our villages and not overbuild small lots, blanket moratoriums are not necessarily the best solution.*

Geoff Gifkins: *There has to be a balance. In recent years, many new homes have been built that conform to building guidelines yet are out of character with the neighborhood. The impact is very noticeable and it limits privacy.*

Is the pending interest rate hike having any impact on the market? Is it inspiring more people to buy?

Alan Schnurman: *All potential buyers are aware that interest rates will be rising. The question is when and at what levels. In addition, there is much talk about when will we enter an inflationary cycle. Historically, real estate is a hedge against inflation. Experienced investors never try to time a market. They buy the best locations their resources will allow and have the patience to wait out market fluctuations. The long-term trend has proven to be a positive one.*

Judi A. Desiderio: *The interest rate increase by itself is not the wild card, but what rate increases do to the stock market and the profitability of corporations that move our markets one way or the other.*

Andrea Ackerman: *It is motivating for people to buy now. However, those in the high-end market just move their money around and do not finance, or finance minimally.*

Paul Brennan: *Higher interest rates translate into less buying power. So, yes, it will have an effect.*

Denise Kerrigan Perfido: *I believe the pending interest hike has little impact on our market. When a buyer purchases a home in the Hamptons, they are buying a product that can be looked at as more of an investment that matures in value over time. It is a live-in lifestyle that matures in value while you actually get to enjoy it. Maintain your home, appreciate your home and it will put money back in your pocket in the long run.*

Dana Trotter: *That's hard to say because most of my deals are cash, but the lower end of the market has been very active the last two years partially due to favorable rates.*

Geoff Gifkins: *It is having an effect on the first-time home-buyer market, but certainly causes consideration for others. Rates are still significantly lower than five years ago.*