Young money is fleeing the wild Hamptons for its quiet rival

Lawrence Lewitinn
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The Hamptons, long the playground of America's richest power brokers—and those striving to be them—is now facing serious competition from an old rival, according to data made available to Yahoo Finance.

Led by tech entrepreneurs, artists, chefs, and fashionistas, a new generation of New Yorkers with disposable income is increasingly running away from the Hamptons party scene to the state's slower-paced Hudson Valley and Catskill Mountain regions.

The Hamptons, a group of beachfront villages about 100 miles from Manhattan, are on the east end of New York's Long Island and have become synonymous with wealth—and excess.

The lower Hudson Valley straddles its namesake river to the state capital of Albany, about 150 miles north of New York City, and was the playground of yesteryear's robber barons and old moneyed families. The Catskill Mountains stretch roughly from the Hudson westward to the border with Pennsylvania.

Data compiled by location intelligence company Foursquare and exclusive to Yahoo Finance show a pronounced downturn in summer weekend visits by younger summer travelers from New York City and an increase in visits to the lower Hudson Valley and Catskills by that same cohort.

Millennials aged 20 to 24 years old increased their trips to the Hudson Valley and Catskills by nearly 55% in the summer of 2016 compared to the same time in 2012. During that same period, this same group decreased excursions to the Hamptons by nearly 46%.

Yet there was at least one group that increasingly took to the Long Island Expressway or the LIRR and headed east to the Hamptons—older folks. Those aged 55 and over upped their summer jaunts to the Hamptons by a whopping 141% in the last four years.

Women remain more of a presence in the Hamptons; some 61% of all New Yorkers who visited the area last summer were women compared to 54% of summer weekenders in the Hudson Valley.

Both the Hudson Valley and Hamptons have seen an average annual 8% to 9% net increase in summer visits from 2012 to 2016. The Hudson Valley, as defined in this study, included the entirety of Rockland, Westchester, Orange, Sullivan, Putnam, Dutchess, Ulster, and Columbia counties.

Some of the shift has to do with a change in attitudes of the younger generation. A Harris Poll survey conducted last year shows 78% percent of Millennials say they prefer “experiences” over “things.”

And those Hudson Valley and Catskills Instagram-friendly experiences—such as a mountain hike, a kayak trip, or a dinner at an artisanal restaurant—are more appealing to a growing number of Millennials than, say, waiting to get past a velvet rope at a Hamptons club, notes Jennifer Grimes, owner and broker of Country House Realty.

“Especially in an area like this that’s so photogenic, it really lends itself to instant promotion of an area,” Grimes said. “It’s the visual component of this that I think is so attractive for so many people.”

“They would prefer to spend their time going to the farmer’s market, coming home, and cooking up a big spread and then hanging out by the fire pit with their craft beer in their hand,” she said. “That’s how they prefer to spend their time in the the Catskills and Hudson Valley. That’s really what this area is about.”

While the conspicuous consumption of the Hamptons appears to remain in full force, the upper end of its real estate market is seeing a softening. The luxury market there—the top tenth of home sales—plummeted 43% in the last quarter of 2016 to an average $7.06 million compared to $12.3 million for the same time in 2015, according to data compiled by Miller Samuel and Douglas Elliman. Average home sales fell nearly 30% from $2.4 million to $1.7 million while the number of overall transactions in the area dropped 15%.

The main driver for Hamptons prices have been Wall Street and huge bonuses, according to Miller Samuel's president, Jonathan Miller, who compiled data on both the Hamptons and Hudson Valley. "This is where they go on the weekends in the summer."

Lower sales prices and volume reflect the real estate market in Manhattan, he said, "but in fairness the sales activity is still well above long-term averages. It's just not at the frenzied periods that we saw in the city and in the Hamptons circa 2013 or 2014."

Similar to what happened in Brooklyn's Williamsburg neighborhood after the financial crisis, some Wall Streeters are following younger, edgier types by turning north rather than east. Jennifer Grimes herself is one such example.

In the early part of the last decade, Grimes was a commercial mortgage-backed securities salesperson at Credit Suisse. After the financial crisis and collapse of the CMBS market, she left Wall Street for the Catskills region, where she found a growing market of New York weekend renters interested in a cottage she owned. From there she grew her rental company, Red Cottage, Inc., and her real estate brokerage.

"A lot of people in finance are eschewing the flash of the '80s, which kind of made the Hamptons," she said. "Today's successful people aren't as flashy, at least those who come here looking for a more understated way to enjoy their free time."

Candy Anderson, an associate broker at HW Guernsey Realtors, echoes Grimes' sentiment.

"The difference between a serious buyer in our area for the Hamptons is someone who doesn't need to shop every day," Anderson said. "People come here to enjoy their families, to enjoy their friends, to take hikes, to go riding, to draw, to paint, to be free—not to shop."

One of Anderson's listings illustrates that difference. Co-marketed with Compass, "Lightning Tree Farm" is a 618-acre estate in Millbrook, in the heart of New York's horse country. Owned by Johnson & Johnson (JNJ) heiress Elizabeth Ross "Libet" Johnson, it boasts a 17,000 square-foot main house and several other smaller support buildings, including a horse stable and a helipad.

At $28.5 million, Lightning Tree Farm is the state's most expensive home on the market north of New York City, according to Realtor.com. For the same price in East Hampton, NY, one can buy a 2,800 square-foot home on 3.6 acres of land with a small strip of beach just a few dozen feet in length.

"It's phenomenal to think of what you can buy in the Hudson Valley so close to New York City for such a small amount of money comparatively speaking," Anderson said.

For the time being, the relative bargains may persist, according to Jonathan Miller, even in the top end of the market. One measure he tracks is the threshold price of the 90^{th} percentile (top 10%) of home sales. In the fourth quarter of 2016, that threshold price in the Hudson Valley/Catskill Mountains between the Bear Mountain Bridge to the south and the northern borders of Ulster and Dutchess counties was $452,500. In the Hamptons, it was $3,725,000.

"The Hudson Valley is earlier in the cycle where it's all about value," he said. But Miller is not convinced the region will dethrone the Hamptons as the weekend retreat for Wall Street and the 1%.

“Does this become a replacement for the Hamptons? My answer is probably not,” Miller said. “What you’re going to see is the Hudson Valley being more competitive with the lower price markets of the east and simply because of price point and experience.”