

## **Skyrocketing land prices rock East End**

By [Theresa Agovino](#)

There's a new kind of home advertising in the Hamptons that doesn't have sparkling adjectives and lush photos beckoning buyers. Instead the ads broadcast "land value," which essentially tells potential buyers that while they may not want the house, they would want the plot it's built on.

Mary Giaquinto, chairperson of East Hampton-based Plum Builders, said that desirable land in the Hamptons has become so scarce — and so expensive — that it is easier to demolish an old house and construct a new one.

"Tear downs are here for now and into the future," said Giaquinto, noting that three of the last six houses the company built were constructed on sites where other homes once stood.

Last year a record 43 demolition permits were granted in Southampton, according to Joan & Paul Robinson, a real estate firm. The firm said 99 percent of the town is already built out.

There's been a furious land grab in the Hamptons since the market hit bottom. Between 2009 and 2014, the number of plots sold has more than quadrupled, to 430, while the average price has soared 50 percent to \$1.4 million, according to research compiled for *The Real Deal* by appraisal firm Miller Samuel. In contrast, the average number of home sales only doubled — still impressive — to 2,429, and the average price of a home increased just 14 percent to \$1.7 million .

Developers have been driving the cost of land higher because in the last decade or so they have been building more spec houses, catering to the crowd that wants a Hamptons home but doesn't want to wait the two years it can take to purchase a plot, design a home and then construct it.

"People want no muss, no fuss," said Paul Brennan, a broker at Douglas Elliman. "Everyone wants instant gratification."

Cody Vichinsky, a broker at the real estate agency Bespoke, said in the last year he has sold three plots in Southampton to developer Jay Bialsky for \$37 million and three plots in Sagaponack to him for \$26 million.

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"The developers set the prices," Vichinsky said.

Average land prices dipped after hitting a high in 2010 as developers slowed down and made sure their homes would sell.

Pricing has been rebounding since 2012, but some developers have only recently gotten back into the purchase market because they wanted to insure the recovery would stick.

Peter Sabbeth, owner of Modern Green Home in Bridgehampton, said he only started building spec houses again 18 months ago.

“I wanted to make sure I’d be able to make money,” Sabbeth said.

And despite the demand, developers are being very careful about how much they spend for the parcels because if they overpay, it cuts into their profit margins.

The developer Mark Zeff, for example, said he doesn’t buy land south of the highway to construct homes for his new housing development company Black Barn. He said in order to keep the prices of his homes in the \$4 million range and make a profit, he can only spend about \$750,000 for the land.

The plots he builds on are about two acres. “If you cross the highway, that’s just not possible,” said Zeff.