

Hamlet of Montauk

EAST HAMPTON HAMLET BUSINESS DISTRICT PLAN

ANALYSIS FINDINGS

Presented By:
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June 2, 2017

RKG

Associates, Inc.



MONTAUK POINT LIGHTHOUSE

COMMISSIONED BY PRESIDENT GEORGE WASHINGTON
★ CONSTRUCTED 1796 ★ FIRST LIGHTHOUSE IN NEW YORK STATE ★

Demographic and Economic Base Trends

- Population
- Household Income
- Employment Scale and Trends

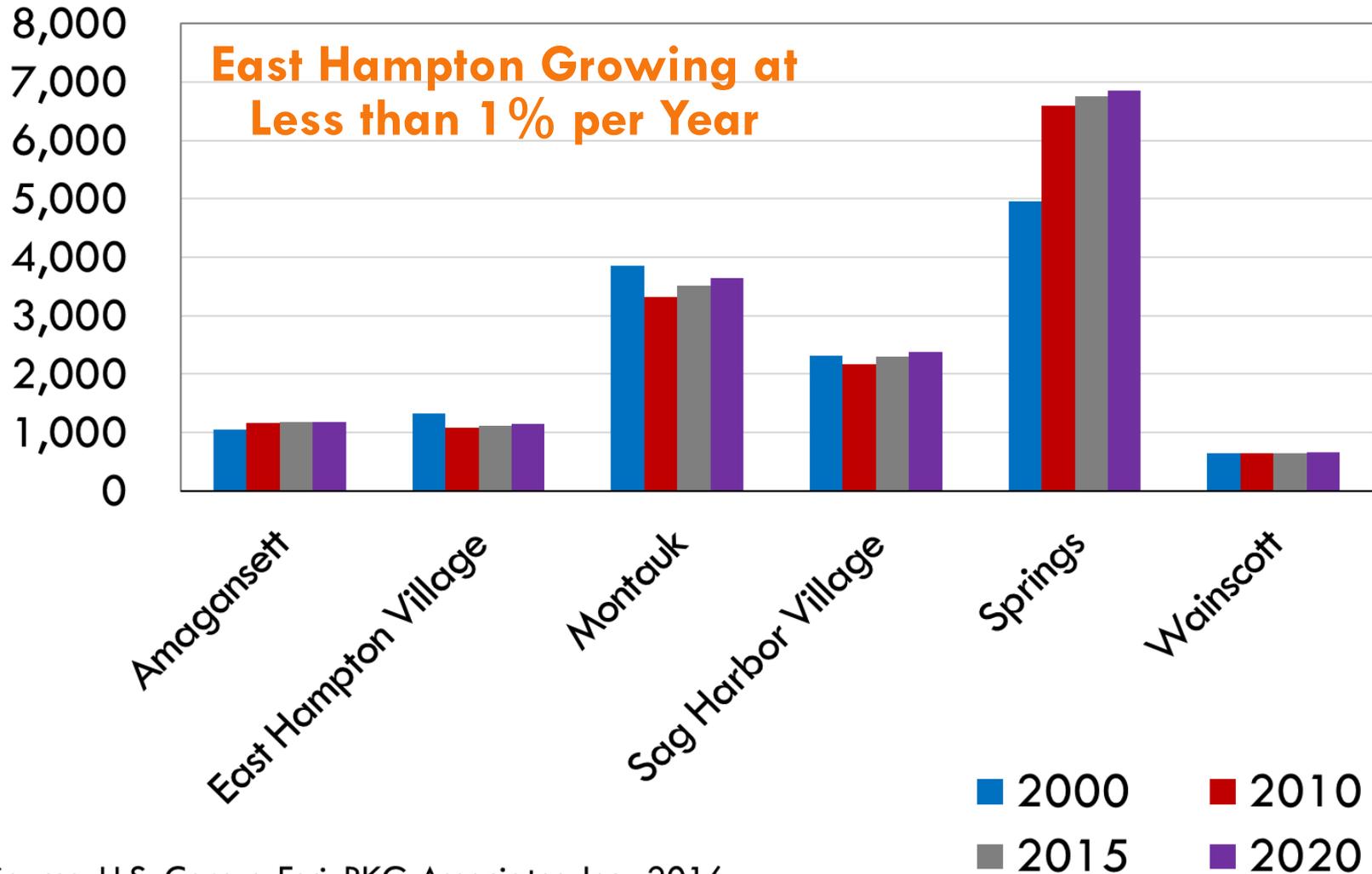
Key Industries

- Agriculture
- Commercial Fishing and Maritime
- Hospitality and Tourism
- Retail and Hamlet Business Districts
- Second Home and Real Estate

Montauk Summary

Population Trends

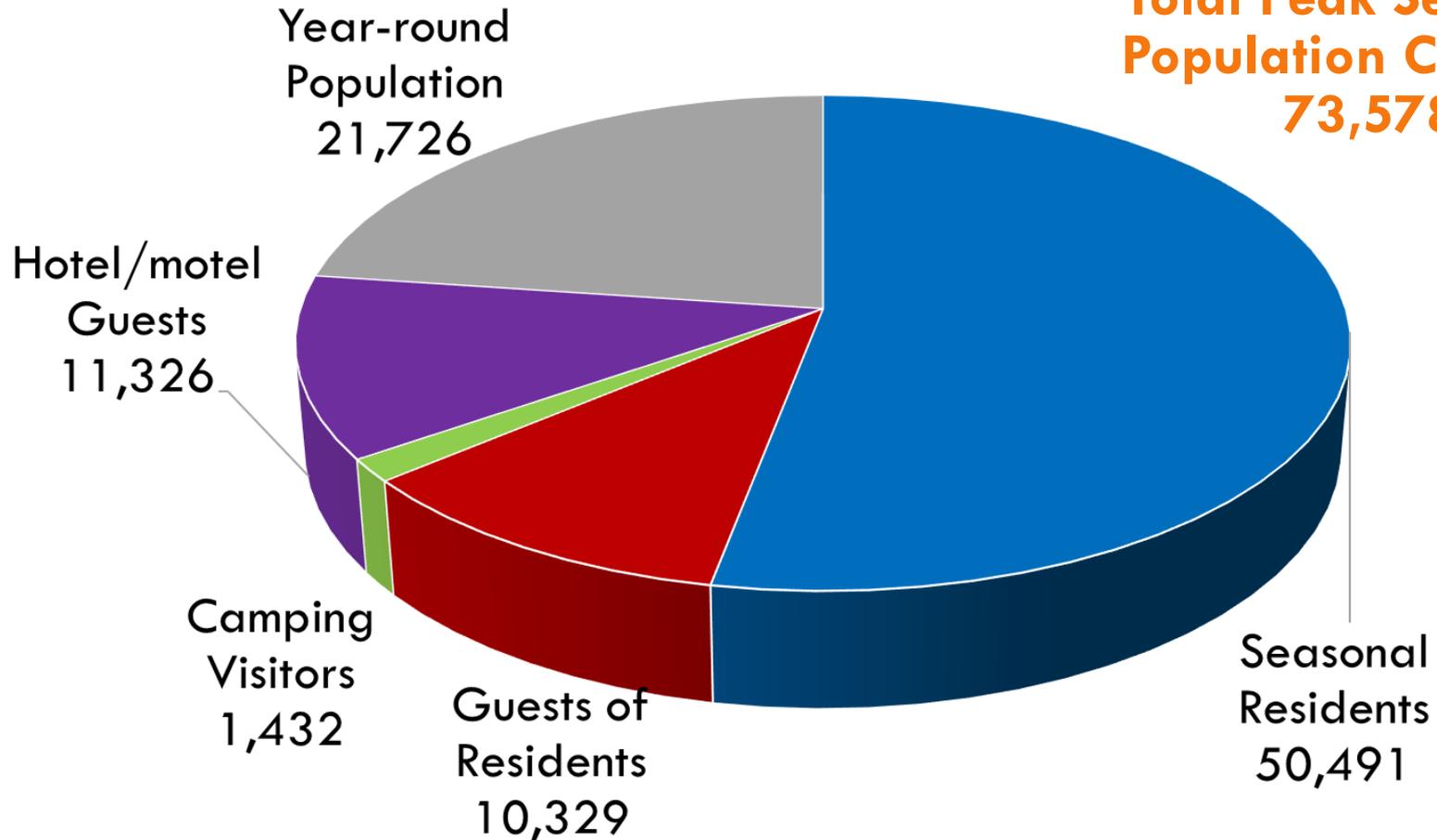
2000-2020



Source: U.S. Census, Esri, RKG Associates, Inc., 2016

Year Round v. Peak Seasonal Population Capacity

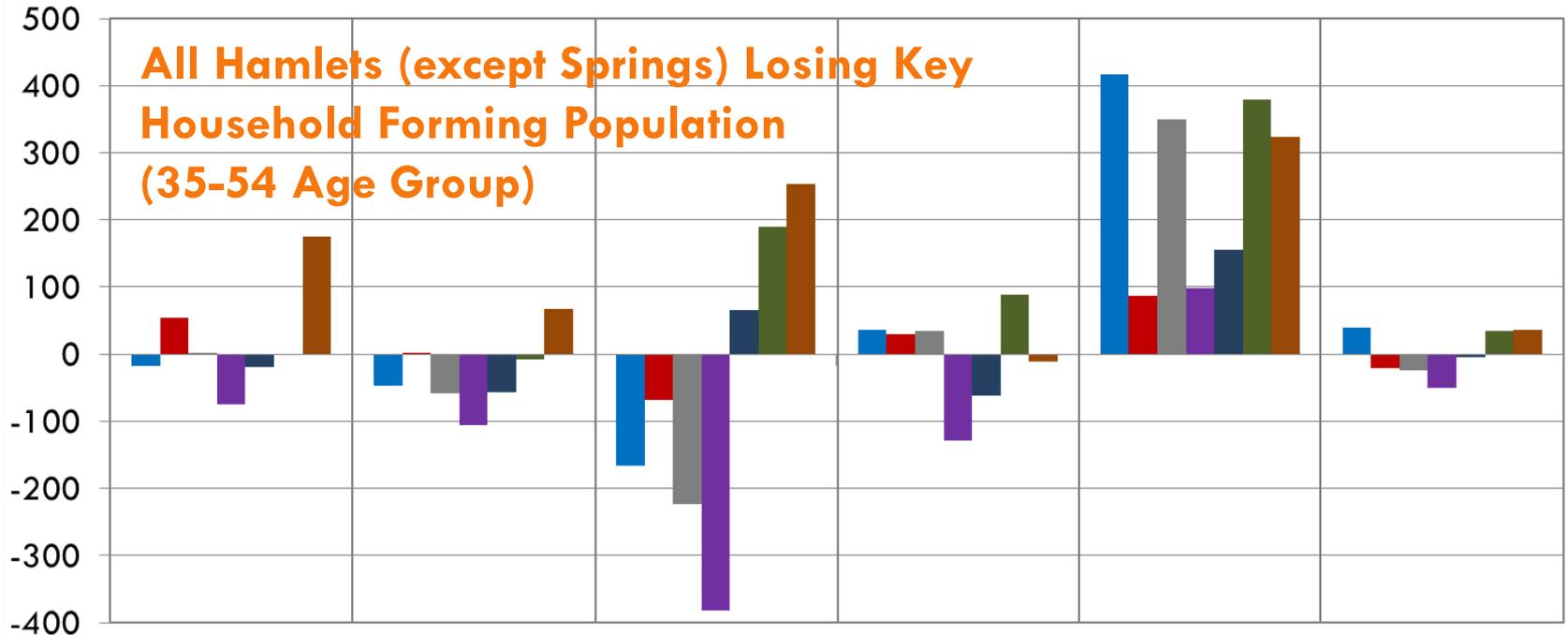
**Total Peak Seasonal
Population Capacity
73,578**



Source: Suffolk County Planning Department, RKG Associates, Inc.,

Population Changes by Age Group

Town of East Hampton
2000-2015

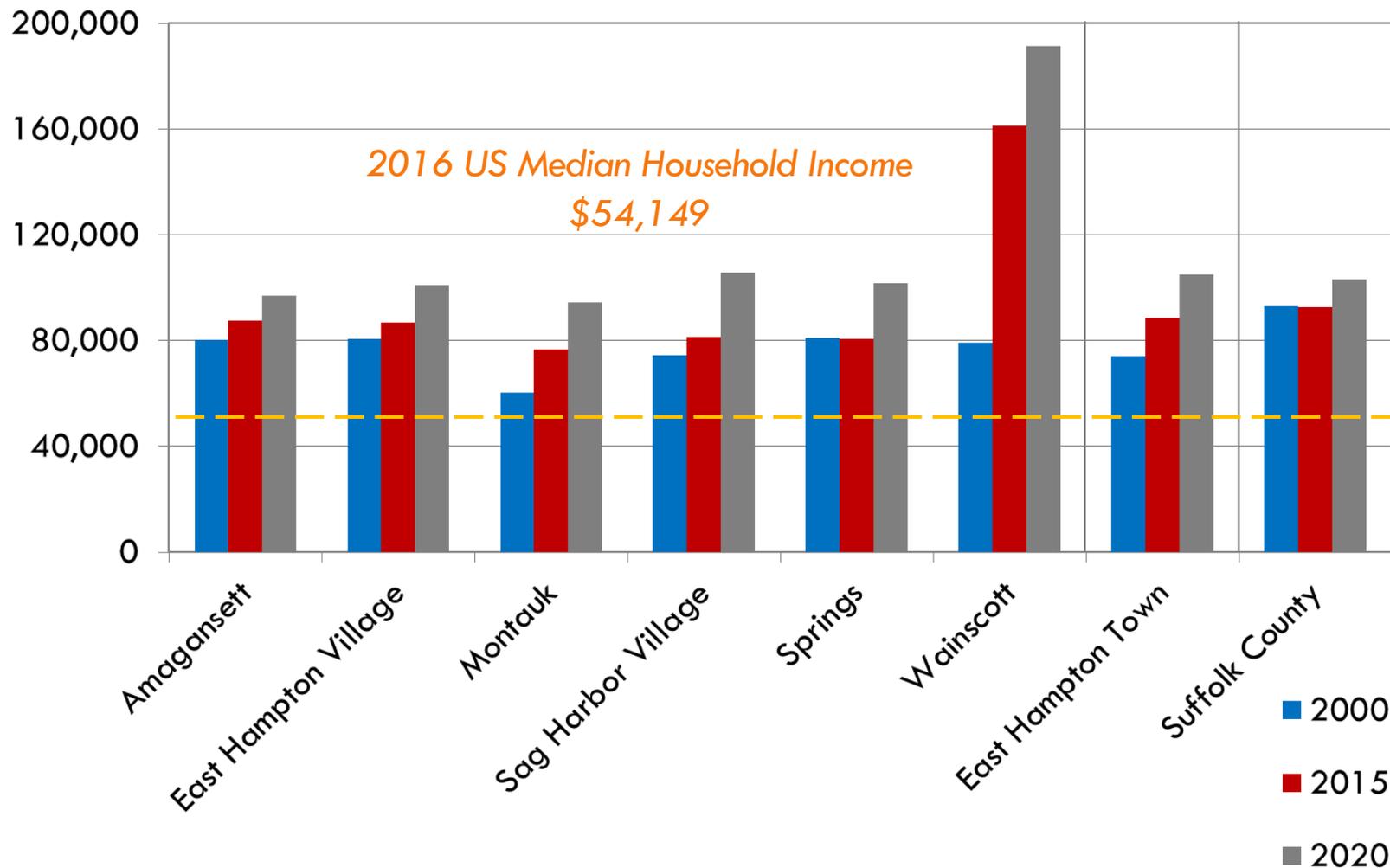


- 0 to 19 years
- 20 to 24 years
- 25 to 34 years
- 35 to 44 years
- 45 to 54 years
- 55 to 64 years
- 65+ years

Source: U.S. Census Bureau, Esri, RKG Associates, Inc., 2016

Household Median Income Trends

East Hampton and Suffolk County
2000-2020



Source: U.S. Census Bureau, Esri, RKG Associates, Inc., 2016

Slowly Growing but Aging Population

- Town-level population growth is slow but has outpaced Suffolk County
- Growth mainly driven by Springs' change in Hispanic population
- Population aging (55+ growth) except in Springs is occurring at the same time there is reductions in the workforce population
- Surging housing and school demand in Springs
- Second/Seasonal home presence is dominant and growing
- Growing demand for services catering to older population

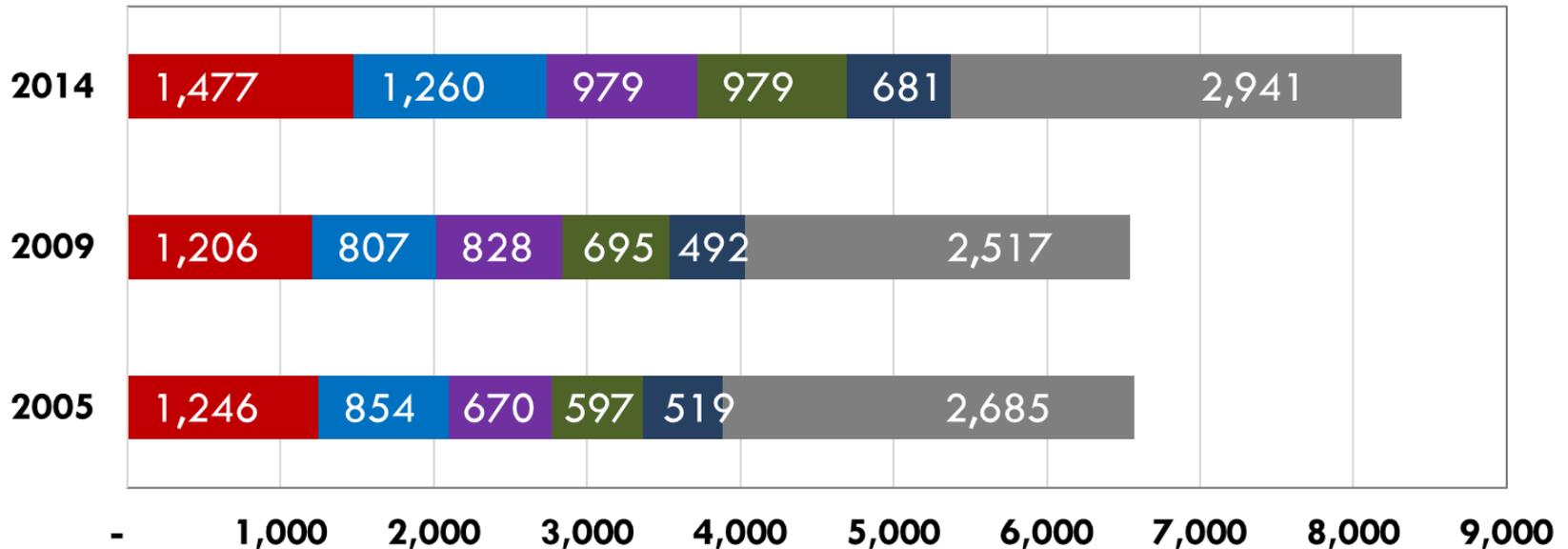
High Median Household Income and Shifting Higher

- Below the Suffolk County level but well above the national level
- Fast growth due to higher income households moving in and average income households moving out
- Impacts: driving up real estate prices, harder to retain workforce; opportunities for businesses that cater to high-income households and tourists

Employment Trends

East Hampton
2005-2014

27% Job Growth



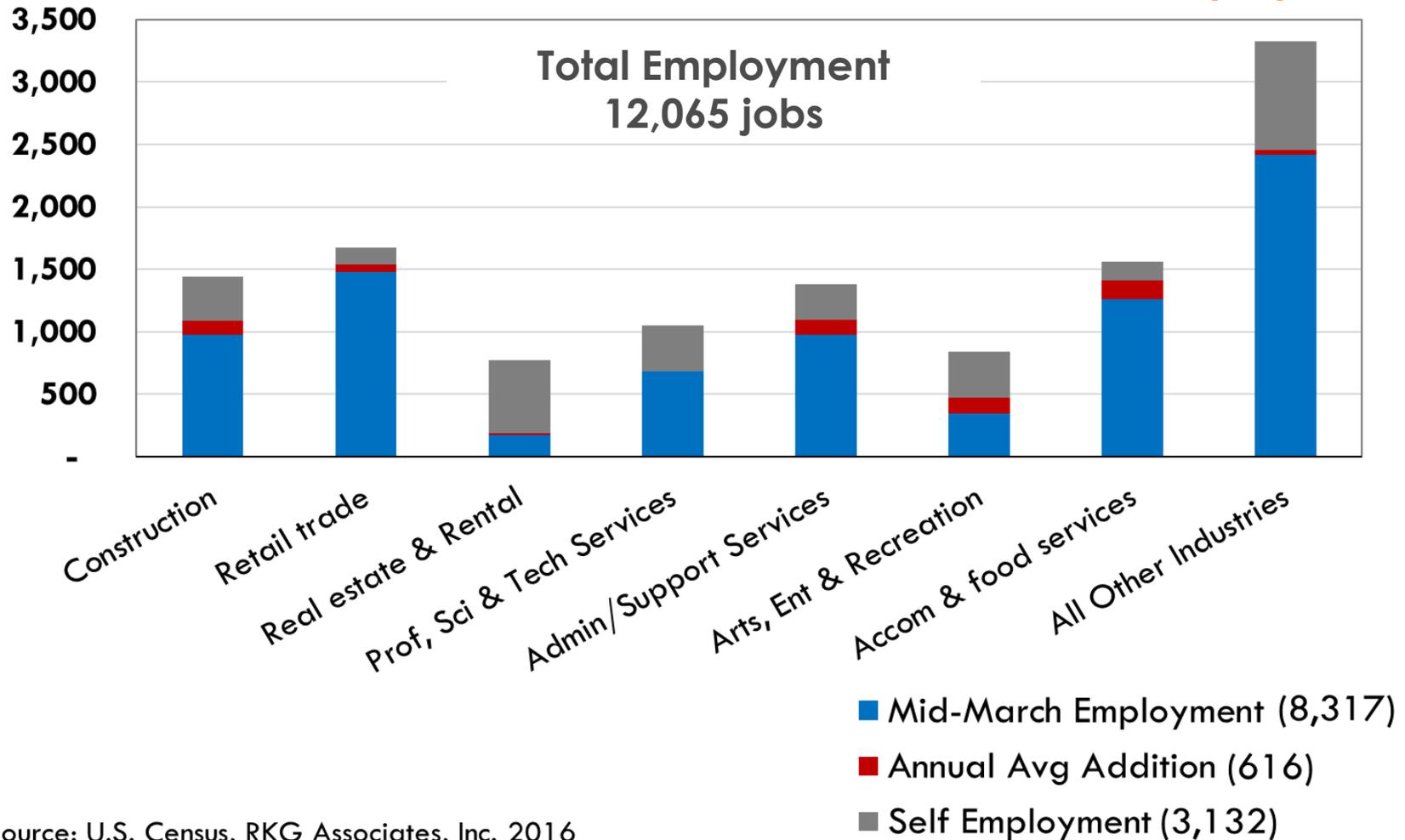
- Retail Trade
- Accommodation & Food Services
- Admin/Support/Waste Mgmt Services
- Construction
- Prof, Sci & Tech Services
- All Other Industries

Source: U.S. Census, RKG Associates, Inc. 2016

Seasonal Employment and Self-employment

East Hampton
2014

26% of Workers
Self-Employed



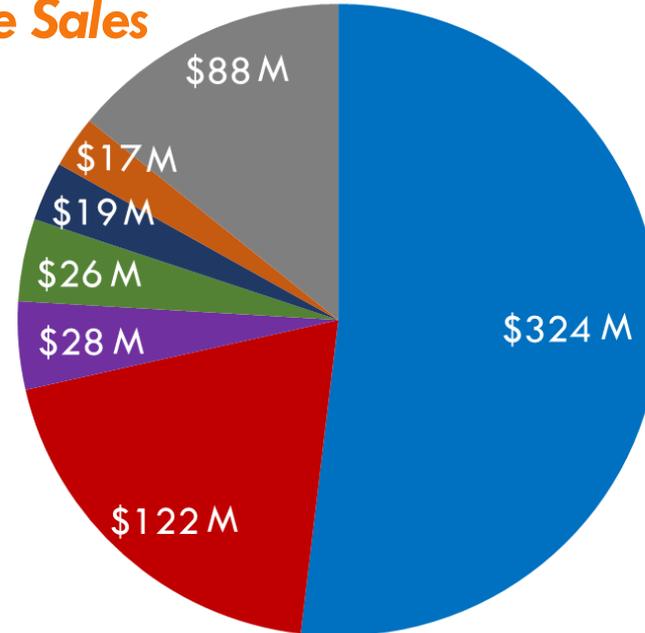
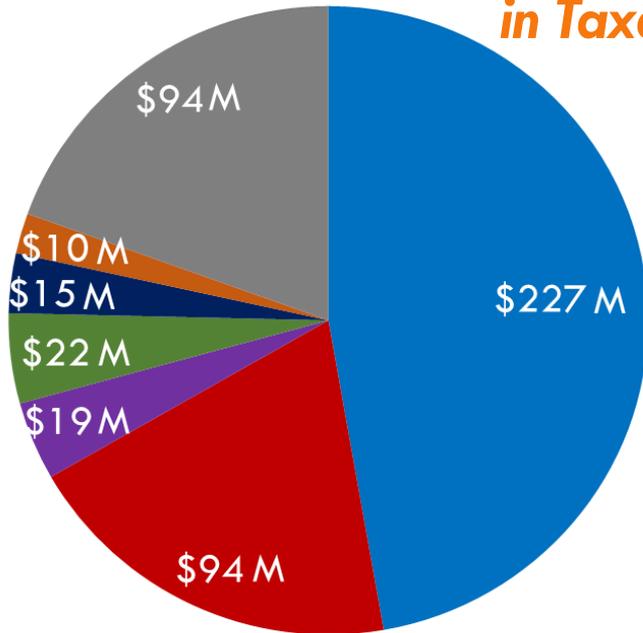
Source: U.S. Census, RKG Associates, Inc. 2016

Taxable Sales Trends (\$ millions)

\$481 Million
(2009)

**30% Growth
in Taxable Sales**

\$624 Million
(2014)



- Retail Trade
- Admin/Support Services
- Arts, Ent, Recreation
- All Other Industries

- Accom & Food Services
- Information
- Construction

Source: U.S. Census, U.S. BLS, NY State Dept. Taxation & Finance, RKG Associates, Inc. 2016

Economy Driven by Second Home and Tourism

- Strong growth in total employment and taxable sales
- Relative stability during the 2009-2010 Recession
- Real estate has come back, driven by second home sales/development
- Tourism economy stronger in Montauk but fishing industry faces many challenges
- Sea-level change and increased regulations could impact both industries

Highly Seasonal

- Seasonal labor supply is very important to maintaining core service and tourism economy
- Seasonal workforce and affordable housing is one of the biggest threats to the economy. Must become a community priority and address NIMBY

Sizable self-employment base creates “freelance” economy and entrepreneurship

Agriculture

- Limited production capacity but important to maintain
- Valuable as open space and tourism asset
- Could play a greater economic role in the future

Commercial Fishing

- Represent 50%-60% of Suffolk County production and 30%-45% of New York State production
- Faced with all manner of regulatory challenges and reductions in the fish stocks
- Needs additional ways to add value
- Need significant changes to reposition the industry for the future

Maritime

- A major component of the tourism economy, especially in Montauk and Springs
- Large numbers of self-employed operators
- Industry more adaptable due to the diversity of the activities
- Susceptible to down economic cycles and competition in other seaside communities

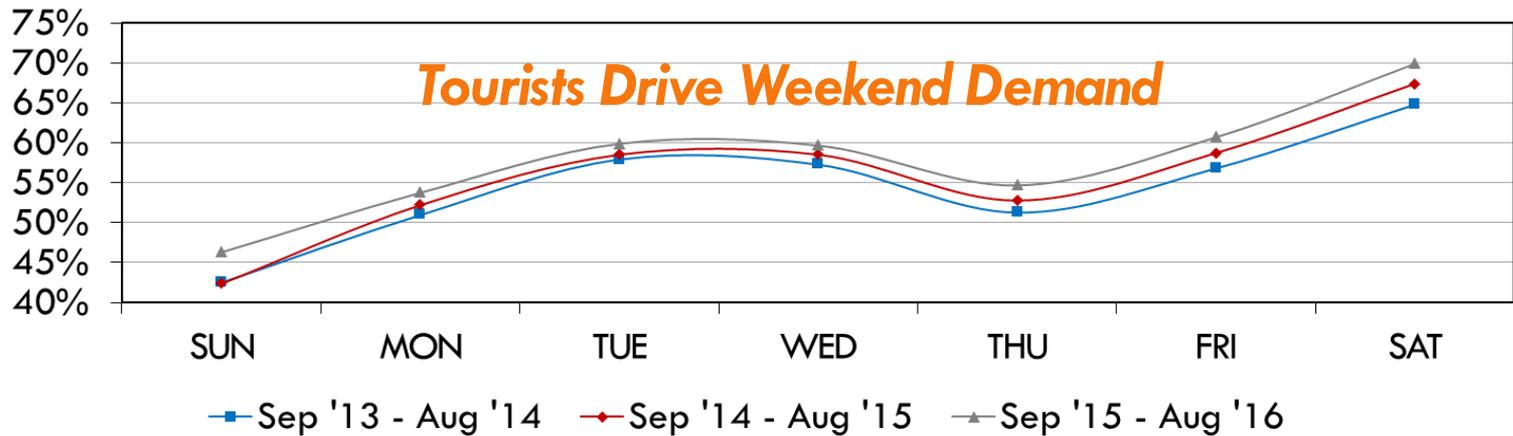
East Hampton Hotel Inventory

Year Round v. Seasonal Supply

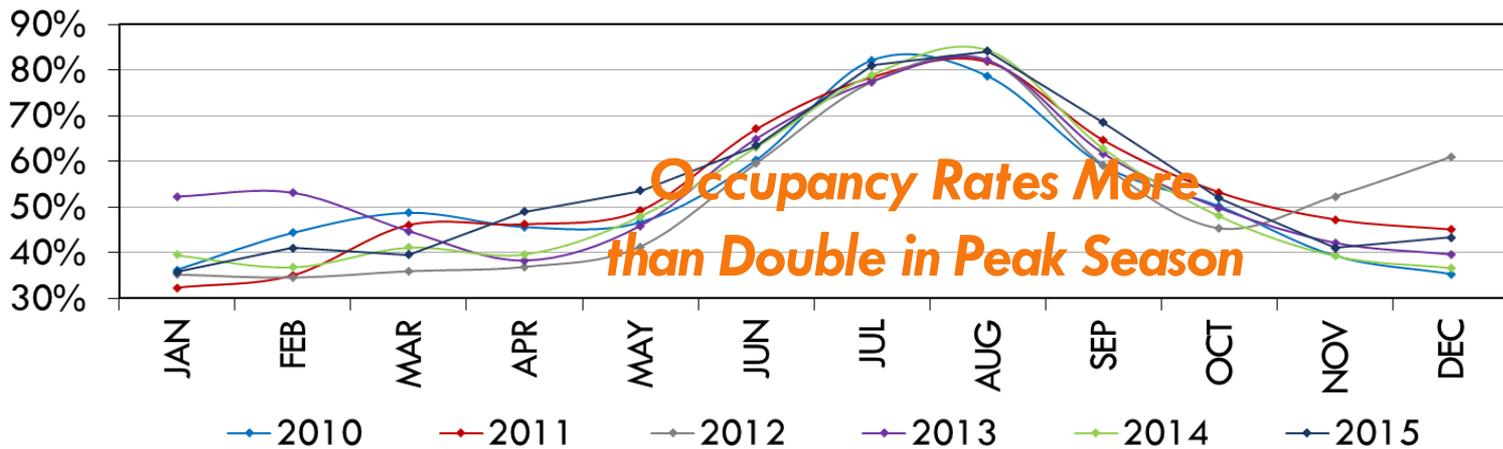
	Year Round		Seasonal		Total		Percentage	
	# of Hotels	# of Rooms	# of Hotels	# of Rooms	# of Hotels	# of Rooms	# of Hotels	# of Rooms
Amagansett	5	108	0	0	5	108	6.0%	4.3%
Napeague	2	119	5	251	7	370	8.4%	14.7%
Montauk	25	740	28	1,047	53	1,787	63.9%	70.8%
Springs	1	4	0	0	1	4	1.2%	0.2%
Wainscott	1	18	1	20	2	38	2.4%	1.5%
EH Village	14	212	1	4	15	216	18.1%	8.6%
Total #	48	1,201	35	1,322	83	2,523	100.0%	100.0%
Percentage	57.8%	47.6%	42.2%	52.4%	100.0%	100.0%		

- **64% of hotels and 71% of hotel rooms are located in Montauk**
- **52% of all rooms are seasonal**

Daily Occupancy Rates (19 Sample Hotels in the Region, Sep. '13 - Aug. '16)



Monthly Occupancy Rates (19 Sample Hotels in the Region, 2010-2015)



Source: Smith Travel Research, RKG Associates, 2016

Hospitality & Other Lodging Options

- As guests of East Hampton residents (year-round & seasonal)
- Seasonal rental properties through Realtors
- Resort-condos and resort-coops
- Online home reservation services (e.g. Airbnb)
- Local camp sites

Hospitality Opportunities and Challenges

- Traditional hotels are facing increased competition from home reservations
- Strength of hospitality market tied to economic cycles and will fluctuate
- Home reservations have created some negative impacts on residential neighborhood but local regulations seem to be working
- Climate change and environmental issues could pose threat to many ocean front hotel properties

East Hampton Commercial Districts Business Inventory	Num of Businesses		Square Footage	
	#	%	SF	%
Agriculture, Forestry, Fishing and Hunting	1	0.1%	n/a	n/a
Mining, Quarrying, Oil/Gas Extraction	1	0.1%	n/a	n/a
Utilities	1	0.1%	n/a	n/a
Construction	87	12.1%	165,309	6.6%
Manufacturing	3	0.4%	13,793	0.6%
Wholesale Trade	2	0.3%	4,402	0.2%
Retail Trade	206	28.7%	516,602	20.6%
Transportation and Warehousing	17	2.4%	110,389	4.4%
Information	5	0.7%	3,100	0.1%
Finance and Insurance	11	1.5%	46,356	1.9%
Real Estate and Rental and Leasing	15	2.1%	36,168	1.4%
Professional, Scientific, Technical Services	49	6.8%	92,197	3.7%
Admin/Support, Waste Mgmt Services	4	0.6%	2,803	0.1%
Educational Services	2	0.3%	3,691	0.1%
Health Care and Social Assistance	31	4.3%	77,833	3.1%
Arts, Entertainment, and Recreation	62	8.6%	195,222	7.8%
Accommodation and Food Services	179	24.9%	1,148,053	45.8%
Other Services (except Public Admin)	43	6.0%	88,297	3.5%
Total	719	100.0%	2,504,215	100.0%

Retail

- Overall Net Surplus of Retail Sales - (retail sales exceed the total demanded by local households)
 - Tourists
 - Seasonal residents
- East Hampton lacks a variety of goods and services for year-round residents
- Year-round residents say they don't mind driving outside the community or making online orders for goods that they can't buy locally
- Some Potential for New Retail Development in Certain Locations

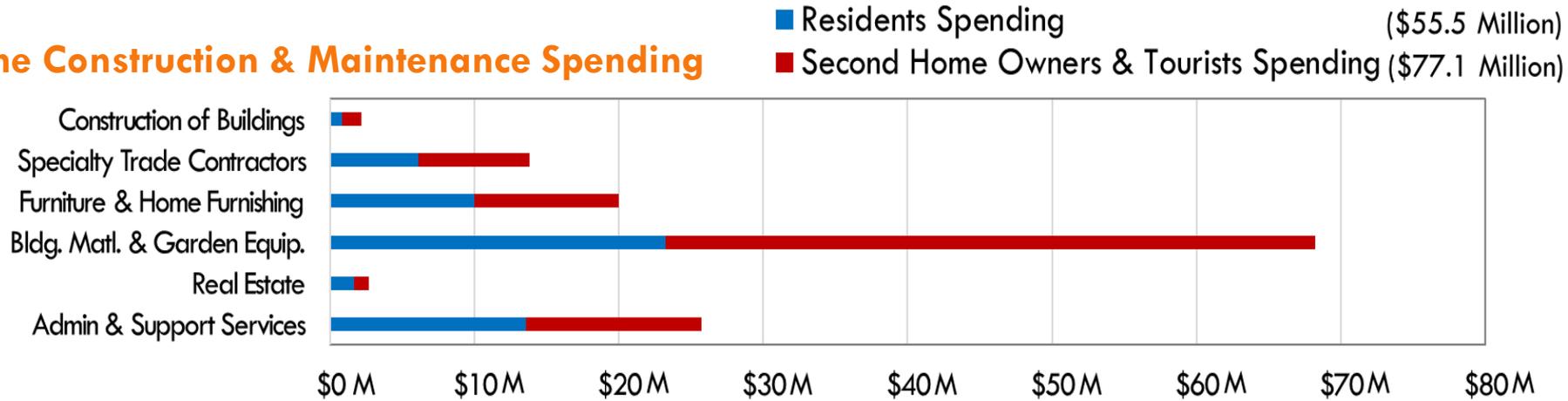
Supportable Retail

- 184,000 SF to 390,000 SF of supportable new retail square feet
- May not translate into new stores but new product lines in existing stores

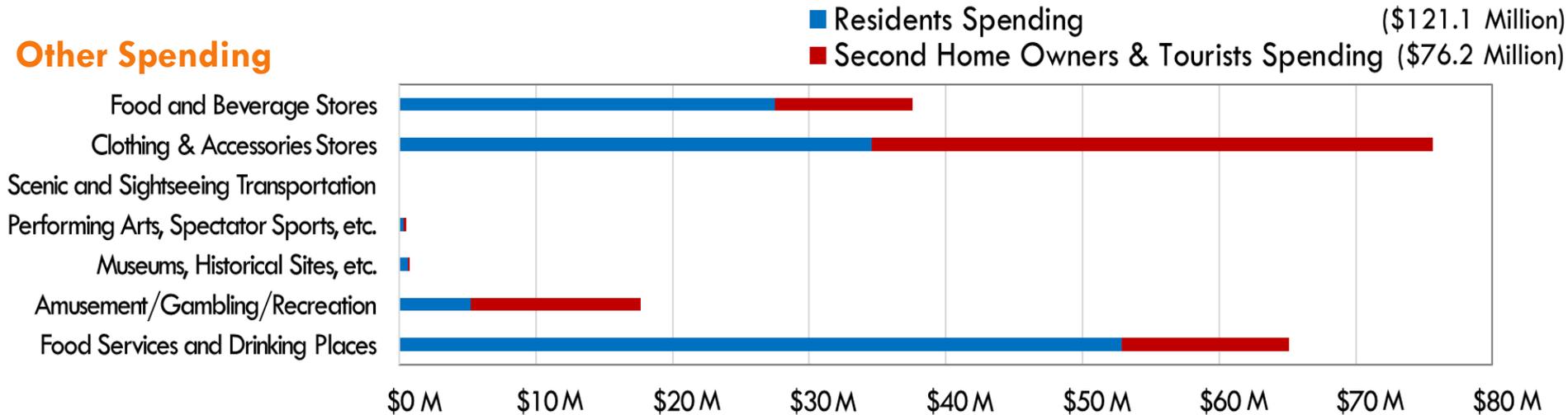
Business Type	Requisite Conditions
Auto Parts, Accessories & Tire Stores	Convenience
Electronics & Appliance Stores	Convenience, access, visibility
Health & Personal Care Stores	Convenience, access, visibility
Shoe Stores	Convenience, access, visibility
Department Stores Excluding Leased Depts.	Convenience
Other General Merchandise Stores	Convenience
Limited-Service Eating Places	Suitable visibility, access, environment. National chains

Second Home Economy – Consumer Spending

Home Construction & Maintenance Spending



Other Spending

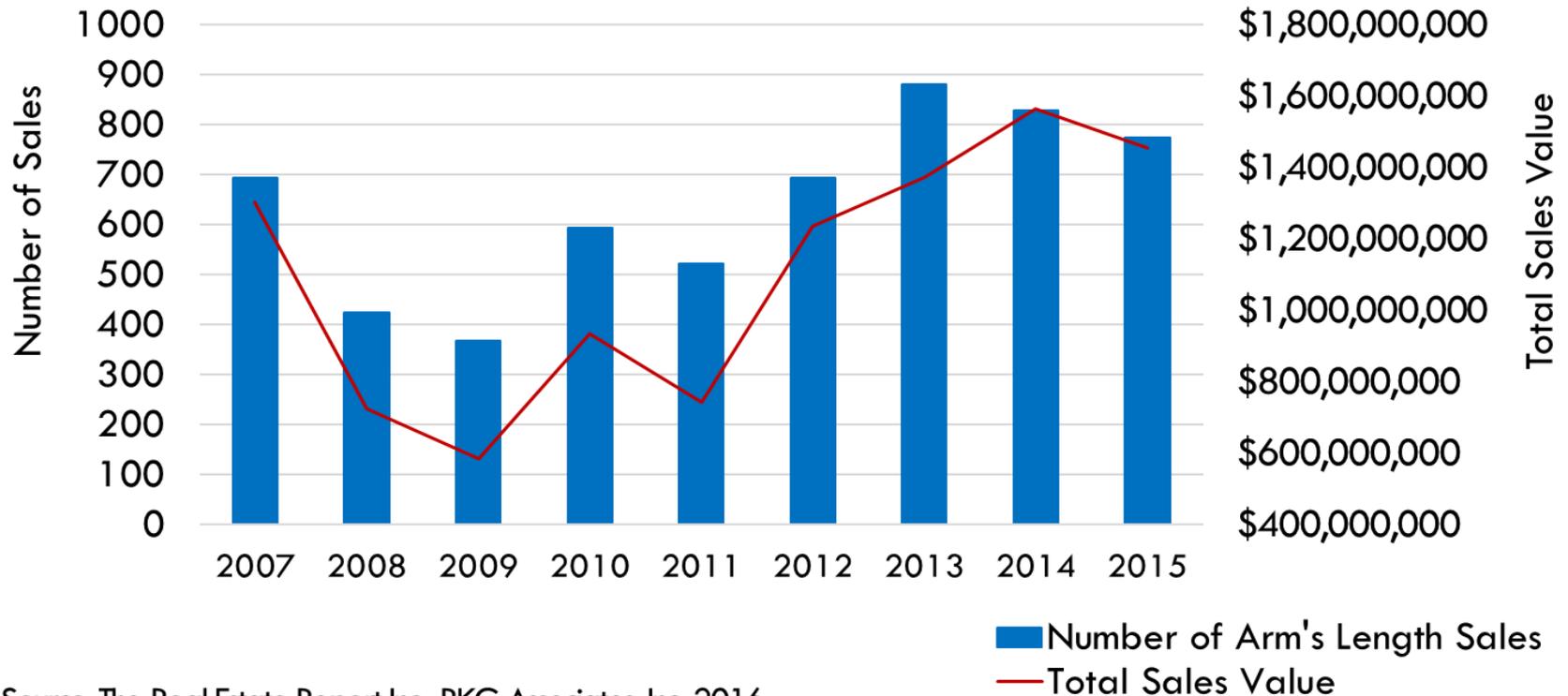


Total: 46% of Taxable Sales (\$153.3 Million) from Second Home Owners and Tourists

Second Home Economy Real Estate Sales

Residential Property Arm's Length Sales

East Hampton
2007-2015



Source: The Real Estate Report Inc., RKG Associates, Inc. 2016

Second Home Economy Residential Property Tax Revenues

Town Residential Property Ownership Pattern (2015)

	Properties		Total Assessed Value		Total Tax	
	Number	%	\$	%	\$	%
Second Home	11,498	63.2%	\$133,905,372	73.9%	\$112,885,909	72.3%
Other Parts of Long Island	2,232	12.3%	\$18,616,996	10.3%	\$16,844,962	10.8%
NY State excluding Long Island	7,029	38.7%	\$87,311,812	48.2%	\$72,877,581	46.7%
Other U.S. States	2,133	11.7%	\$26,290,354	14.5%	\$21,820,893	14.0%
International	104	0.6%	\$1,686,210	0.9%	\$1,342,472	0.9%
Year-round Home	6,610	36.4%	\$46,784,912	25.8%	\$43,159,413	27.7%
Uncategorized	3	0.0%	\$9,700	0.0%	\$8,728	0.0%
Tax Exempt	70	0.4%	\$539,025	0.3%	\$0	0.0%
TOTAL	18,181	100.0%	\$181,239,009	100.0%	\$156,054,050	100.0%

Source: Town of East Hampton, East Hampton Village, NY State Dept. of Taxation and Finance, KRG Associates, Inc., 2017

Tourism-related Industries

- Agriculture
- Sports fishing, Maritime, and other Recreations
- Hospitality
- Retails & Restaurants

Second Home-related Industries

- Construction and Maintenance
- Retails
- Residential Property Transactions
- Shares in Property Value and Tax Revenues

Contribution to Local Economy

- Support 46% of Total Year-Round Taxable Sales

HAMLET OF MONTAUK

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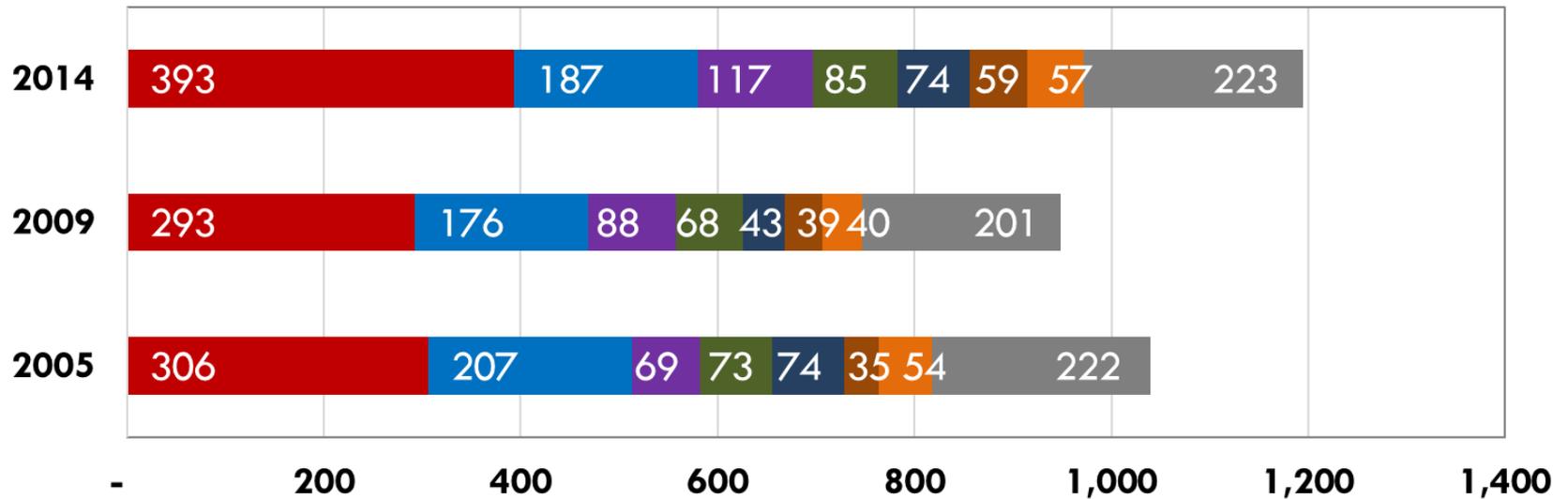
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Employment Trends

Montauk
2005-2014



■ Retail Trade

■ Accommodation & Food Services

■ Admin/Support/Waste Mgmt Services

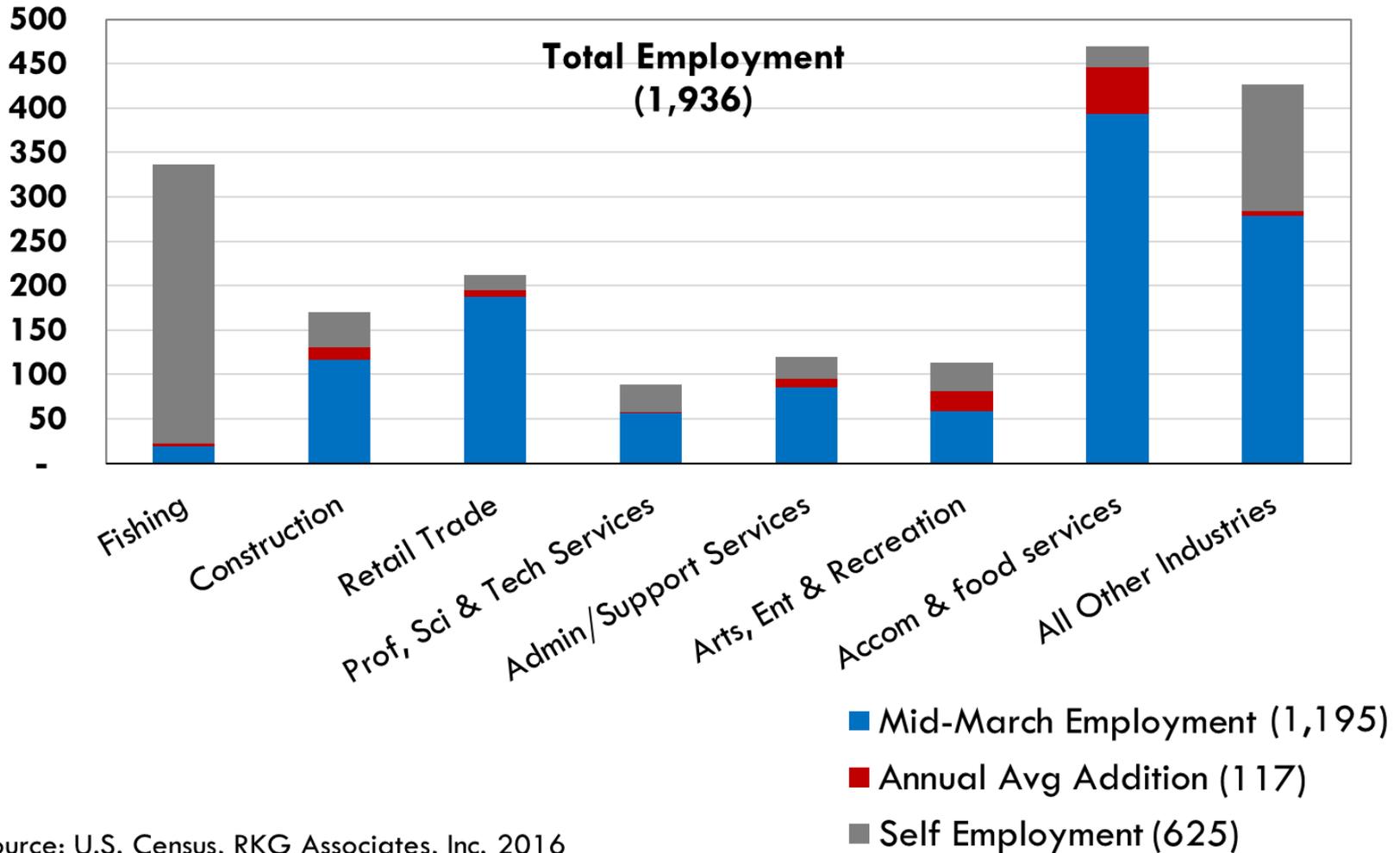
■ Construction

■ Prof, Sci & Tech Services

■ All Other Industries

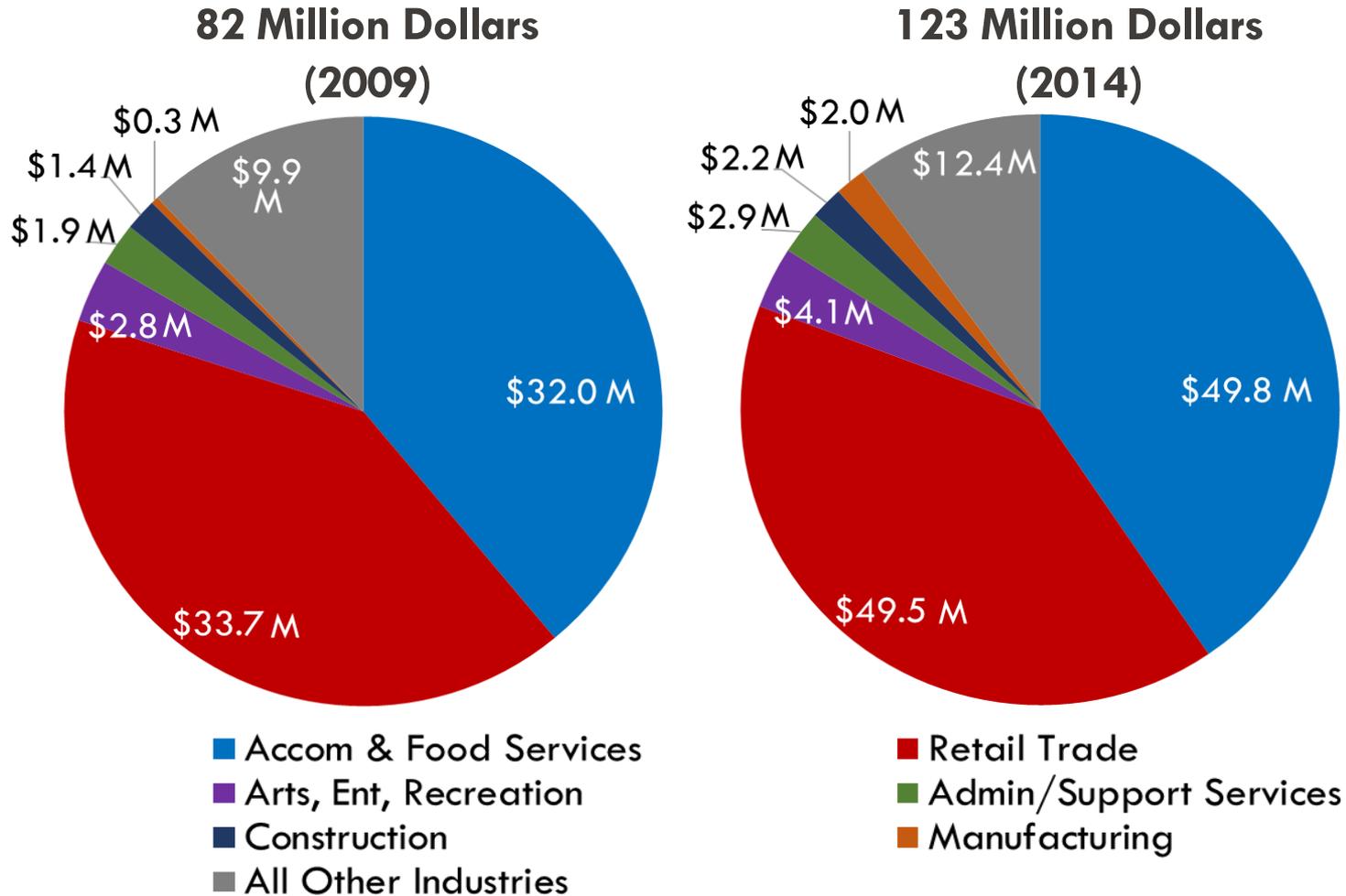
Seasonal Employment and Self-employment

Montauk
2014



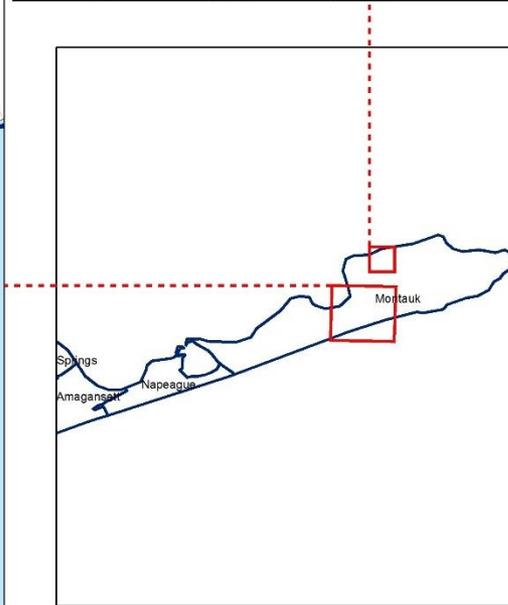
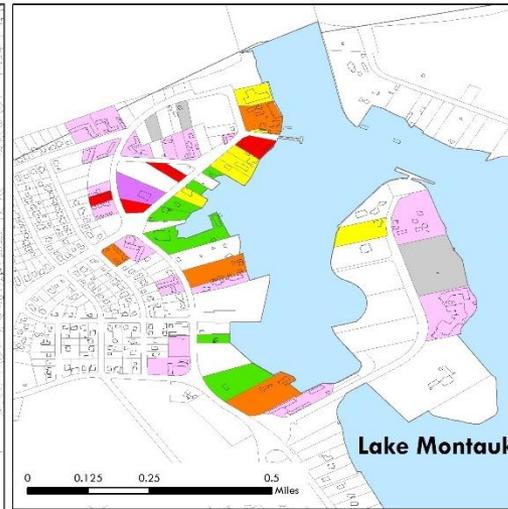
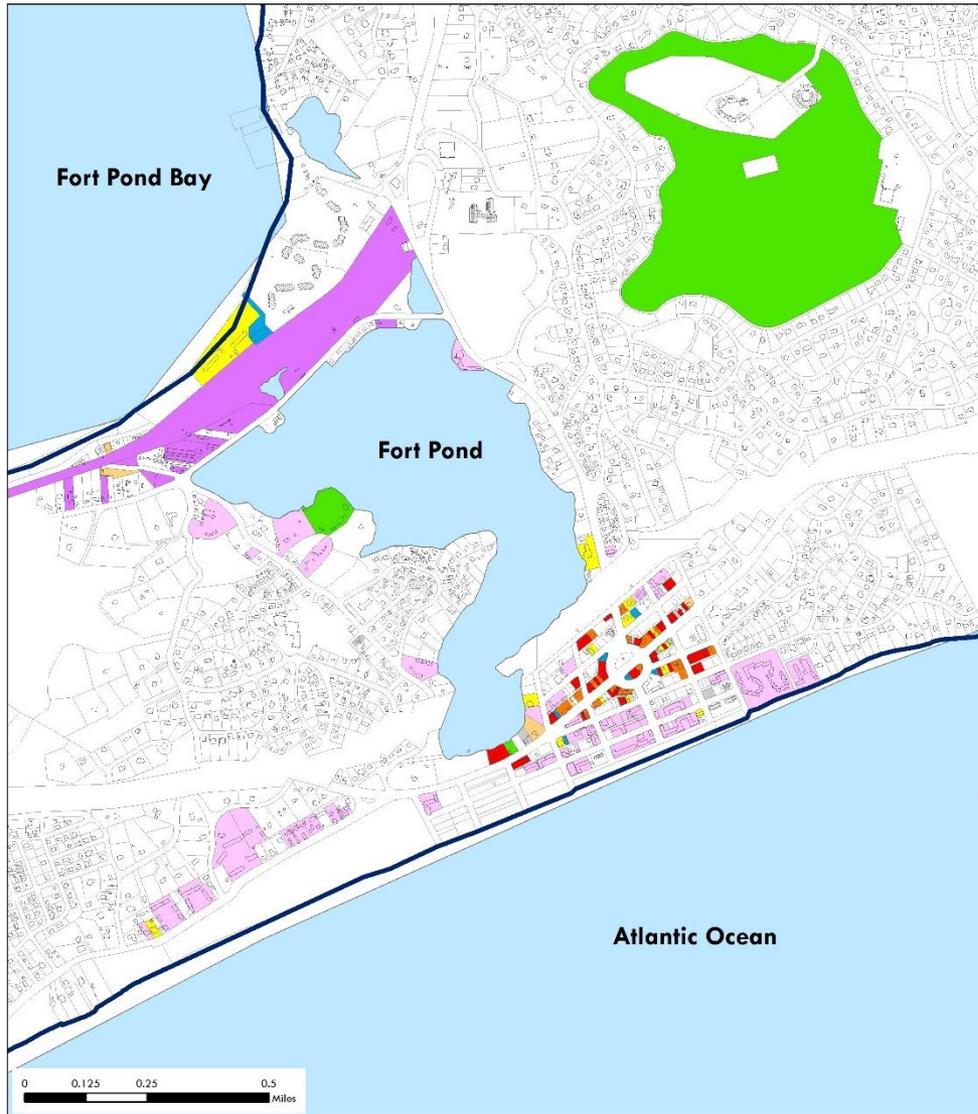
Source: U.S. Census, RKG Associates, Inc. 2016

Taxable Sales Trends (\$ millions)



Source: U.S. Census, U.S. BLS, NY State Dept. Taxation & Finance, RKG Associates, Inc. 2016

Montauk Business Districts



- Accommodation
- Automotive
- Industrial/Shop/Warehouse
- Mix Use
- Office
- Recreation
- Restaurant
- Retail/Service
- Vacant
- Hamlet Boundaries

Montauk Commercial Districts Business Inventory

	Num of Businesses		Square Footage	
	#	%	SF	%
Agriculture, Forestry, Fishing and Hunting	1	0.3%	n/a	n/a
Utilities	1	0.3%	n/a	n/a
Construction	19	6.1%	18,123	1.5%
Wholesale Trade	2	0.6%	4,402	0.4%
Retail Trade	91	29.4%	193,853	16.2%
Transportation and Warehousing	9	2.9%	25,367	2.1%
Information	2	0.6%	-	0.0%
Finance and Insurance	5	1.6%	17,554	1.5%
Real Estate and Rental and Leasing	8	2.6%	13,488	1.1%
Professional, Scientific, Technical Services	8	2.6%	33,156	2.8%
Admin/Support, Waste Mgmt Services	2	0.6%	1,097	0.1%
Health Care and Social Assistance	4	1.3%	5,395	0.5%
Arts, Entertainment, and Recreation	22	7.1%	43,963	3.7%
Accommodation and Food Services	127	41.1%	823,355	69.0%
Other Services (except Public Admin)	8	2.6%	13,809	1.2%
Sub-total	309	100.0%	1,193,562	100.0%
% of Town Total	43.0%	n/a	47.7%	n/a

Montauk Residential Property Ownership Pattern (2015)

Montauk	Properties		Total Assessed Value		Market Value		Total Tax	
	Number	%	\$	%	Total	Per Property	\$	%
Second Home	2,133	65.7%	\$17,855,643	70.7%	\$3,026,380,169	\$1,418,837	\$17,304,951	71.7%
Other Parts of Long Island	626	19.3%	\$4,927,575	19.5%	\$835,182,203	\$1,334,157	\$4,774,835	19.8%
NY State excluding Long Island	1,027	31.6%	\$8,895,665	35.2%	\$1,507,739,831	\$1,468,101	\$8,634,106	35.8%
Other U.S. States	466	14.3%	\$3,884,958	15.4%	\$658,467,458	\$1,413,020	\$3,752,637	15.6%
International	14	0.4%	\$147,445	0.6%	\$24,990,678	\$1,785,048	\$143,373	0.6%
Year-round Home	1,108	34.1%	\$7,358,428	29.1%	\$1,247,191,186	\$1,125,624	\$6,815,173	28.3%
Uncategorized	-	0.0%	\$0	0.0%	\$0	n/a	\$0	0.0%
Tax Exempt	7	0.2%	\$32,400	0.1%	\$5,491,525	\$784,504	\$0	0.0%
SUBTOTAL	3,248	100.0%	\$25,246,471	100.0%	\$4,279,062,881	\$1,317,445	\$24,120,124	100.0%
% of Town Total	17.9%	n/a	13.9%	n/a	13.9%	78.0%	15.5%	n/a

Town Total

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Other Parts of Long Island	2,232	12.3%	\$18,616,996	10.3%	\$3,155,423,051	\$1,413,720	\$16,844,962	10.8%
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International	104	0.6%	\$1,686,210	0.9%	\$285,798,305	\$2,748,061	\$1,342,472	0.9%
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Tax Exempt	70	0.4%	\$539,025	0.3%	\$91,360,169	\$1,305,145	\$0	0.0%
TOTAL	18,181	100.0%	\$181,239,009	100.0%	\$30,718,476,102	\$1,689,592	\$156,054,050	100.0%

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Montauk Residential Property Value Distribution

