

Inside the deals shaping the East End's nightlife scene

High rents, a short season and increasing municipal oversight make it tough to hang — and keep — a shingle on the North and South forks

By C. J. Hughes | July 1, 2016

The churn of eateries in the Hamptons can seem as inevitable as the tides washing up on the local beaches. Last season's hot spots may recede from memory, but new trendy watering holes relentlessly rise up to take their places.

The challenges of running a bar or restaurant in a seaside resort — especially one in the Northeast, where the season is relatively short — present an obstacle. Retail market experts say the Hamptons are a particularly tough nut to crack for out-of-town restaurateurs given the area's high rents, the lack of affordable housing for workers, the long off-season and the local tendency to crack down on rowdy establishments.

"It is difficult to do business out here," said Hal Zwick, the director of commercial real estate for Town & Country Real Estate. "You have to be experienced, and you have to be financed well enough to get through the first couple winters."

Despite these challenges, deals are getting done for new restaurants, albeit at a slower pace. Zwick said his office signed five new leases for restaurant space on the East End of Long Island in 2016 through the middle of June, which put him on a pace to fall slightly short of his totals in 2015, when he leased about 10 restaurant spaces.

"There is always turnover, but this year, there are less prospects," he said, adding that a few operators seem to account for much of the activity. "It's not good news, but it's reality," Zwick added.

Here's a look at some of the newest bars and restaurants on the East End — and what it took for them to get there.

Montauk

If there's a current ground zero of the Hamptons party scene, it's Montauk, part of the town of East Hampton.

Last season, in an effort to keep nightlife in check, East Hampton police made many arrests in the area for drunken driving; officials also banned parking on the west side of Edgemere Street in Montauk after prohibiting it on the east side a few years earlier.

This was largely seen as an effort to push back against Surf Lodge, the perennially crowded bar, restaurant and hotel at 183 Edgemere Street. Then officials banned the heavily attended outdoor concerts the venue typically hosts each summer because the restaurant's state liquor license doesn't cover musical events. G. Love, Brazilian Girls and Gary Clark, Jr. are among the 32 acts scheduled to play at Surf Lodge in the summer of 2016. Surf Lodge has applied for the proper permit and hopes to resume its concert series this summer, according to a company spokesperson.

In summer 2015, Ciao by the Beach, a restaurant at 240 Fort Pond Road that was known more for its bar scene, racked up several violations for loud music. In September of that year, officials suspended the restaurant's outdoor music license. Ciao closed over the winter.

Soon after, Marc Rowan, the co-founder of Apollo Global Management, bought the 6,500-square-foot space for \$2.7 million and converted it to a Mediterranean restaurant called Arbor, which opened in May 2016. Its website promises "casual, chic and understated elegance," with entrees like roasted chicken with arugula for \$28.

In 2013, Rowan also bought the nearby Duryea's Lobster Deck for \$6.3 million, which has since received an upscale makeover.

The volume will also be lower this season at Montauk's once-rouncous Sloppy Tuna, at 148 South Emerson Avenue. In 2015, the restaurant was hit with multiple noise complaints. This year, George Breres, one of the restaurant's managers, said, "we're

just trying to tame the crowds." For the first time, he said, the restaurant would also be offering breakfast on weekends.



Along the commercial strip near the mouth of Lake Montauk, a similar trend has played out. In 2015, Harbor Raw Bar and Lounge, a restaurant and nightclub at 440 West Lake Drive, frequently landed in trouble for exceeding capacity at its single-story building. In 2015, after a Labor Day weekend concert by rapper Ja Rule, a judge slapped the restaurant with a restraining order to limit crowd sizes.

The investment group that purchased the 2,400-square-foot space for \$2.85 million in 2015 has leased it to Grey Lady, a dockside seafood restaurant that opened at the end of May. Grey Lady began on the Lower East Side of Manhattan and now has offshoots in Aspen and Nantucket. Annual asking rent for the Montauk location was \$40 per square foot, according to property records.

Dave's Grill, a popular seafood restaurant in business for 28 years, was unable to hang on to its waterside berth at 468 West Lake Drive. The landlord, Viking Fleet (which runs a ferry company next door), sought a large rent increase, according to brokers familiar with the negotiations who asked to remain anonymous.

The 1,100-square-foot restaurant space was put on the market in January 2016 and marketed at a hefty \$138 a square foot, compared with an average for the market of between \$40 and \$80 a square foot across the Hamptons. In June, brokers said that an offshoot of Tutto il Giorno, an Italian eatery in Southampton and Tribeca, would take the space. Sara Villoresi, a spokeswoman for Tutto il Giorno, declined to comment when reached by phone.

But John D'Agostino, the associate broker with Martha Greene Real Estate who is the property's listing agent, said it was well worth a premium. He noted that it sits by the arrival point from ferries to Block Island and New London, Connecticut. "You can't make commercial establishments like this from scratch," D'Agostino said. Meanwhile, Dave's, which is now called Dave's Gone Fishing, has relocated to the other side of Lake Montauk. The restaurant, which plans to offer small dishes, is scheduled to open early in the summer, according to a recorded phone greeting in mid-June.

Napeague

Meanwhile, in woodsy nearby Napeague, Cyril's Fish House, which was known for strong cocktails and crowds that spilled onto Route 27, has bitten the dust in a swirl of controversy.

This spring, its managers were found guilty by a jury of 45 misdemeanors related to an illegal expansion of the roadside property, forcing the establishment to close its doors, according to news reports. Its fate is uncertain. As of early June, the property's landlords — Michael Dioguardi, Robert Dioguardi and Debra Lakind — were not yet publicly marketing it, although brokers say they expect the location to attract tremendous interest.

Also changing in the hamlet, which is located in East Hampton, is the property at 2095 Montauk Highway. Over the years, it has seen a revolving door of tenants, including the Inn at Napeague, Share House and, most recently, @Bernie's, a barbecue joint that closed at the end of the summer in 2015.

Now, the 3,000-square-foot space has been leased by Gurney's Montauk, which has a waterfront resort located nearby at 290 Old Montauk Highway. In 2015, Gurney's expanded by purchasing the Panoramic View Resort and Residences, which is located at 272 Old Montauk Highway, a bluff-side location next door. Panoramic has since been renamed Gurney's Residences.

It is unclear what Gurney's plans to do with the new space in Napeague, a modest one-story structure located on a windswept stretch of road. Carey London, a Gurney's spokeswoman, confirmed by email that Gurney's had leased the space for three years but did not say how they planned to use it. In the winter of 2016, this space was marketed at an annual asking rent of \$50 a square foot.

East Hampton

In this incorporated village, part of the greater town of East Hampton, all eyes are focused on the Service Station Restaurant, a petite 1,200-square-foot, 75-seat offering that opened at 100 Montauk Highway in June 2016.

Resolutely laid-back — it will not take reservations — the restaurant will be “cool and casual with lots of fresh fish” and many beers on tap, said co-owner Michael Gluckman, who spent the off-season renovating. The restaurant has raised its ceiling, added a copper top to its bar and installed a pizza oven.

Hal-Zwick-quoteln a sense, the eatery is also going back to its roots. Completed in 1924, the small roadside structure was built as a gas station by the Gardiner family, of Gardiners Island fame, and served in that capacity till 1932, according to Gluckman, an active local entrepreneur.

Gluckman, who formerly owned the nearby Bamboo and Beach House restaurants, has a 15-year lease with the Fischer family for the space. Once home to the long-running Hamptons restaurant Nichol's — which folded in 2014 after 15 years of serving up traditional seaside fare like burgers and fish dishes — the low-slung building then housed the short-lived Winston's Bar and Grill, which folded after only a year in 2015.

For his part, Gluckman said that restaurant operators can face stiff headwinds in the Hamptons. “Everybody who comes out here wants to go out and eat,” he said. “But the local government is sort of rubbing everybody the wrong way.”

Southampton

In Southampton, a popular newcomer is Jue Lan Club, an upscale Asian restaurant with an art gallery that morphs into a dance club at night. Located at shingle-sided 268 Elm Street — which formerly had the short-lived Circo Southampton in 2015, after previously serving as a Delmonico's steakhouse — this 6,000-square-foot complex serves exotic dishes like bone-marrow dumplings and rock-shrimp satay. It houses an art gallery in a barn, which transforms into the Elm & Main club at night. In Manhattan, a Jue Lan Club opened last winter in the Gothic church that once housed the notorious Limelight dance club.

Myles Kronman, one of the club's managers, said there was a line around the block on Memorial Day weekend. “I think we're going to be here for awhile,” he said.

Nearby, the space that until 2015 featured the celebrity-studded 1 Oak nightclub, at 125 Tuckahoe Lane, has been reborn as AM Southampton, with a focus on hip-hop music. Recent acts included Jadakiss and Noreaga.

In early 2016, a retail property sitting on three-quarters of an acre at 40 Bowden Square, a Southampton address near North Sea Road, was sold by Pascal Associates to the DiNoto Group, a developer with properties in Brooklyn, Yonkers and Long Island. The tenant, the craft brewery Southampton Publick House, was uprooted. It has since reopened at nearby 62 Jobs Lane, the former address of the Driver's Seat, a defunct pub.

At 40 Bowden, meanwhile, the new tenant is Union Cantina, a modern Mexican restaurant whose menu promises empanadas, tomatillo salads and stuffed poblano peppers, according to news reports. As of mid-June, the restaurant had not yet opened, and attempts to reach it were unsuccessful.

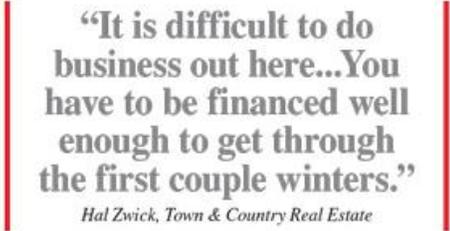
Some entrepreneurs are thinking big. To wit: Kozu, a high-end 250-seat Japanese fusion restaurant, with a head chef who previously worked at Nobu in Manhattan. It opened on Memorial Day weekend at 136 Main Street.

Also on the same property is Summer House, a late-night lounge furnished in a laid-back style with large recliners, and the boutique hotel known as Hotel ZE. All are from Zach Erdem, the restaurateur behind nearby 75 Main, a popular nearby restaurant. A sort of one-man Southampton nightlife band, and an example of the consolidation that is playing out across the East End, Erdem is also the force behind AM Southampton.

Sag Harbor

In Sag Harbor, hopes were once high for the former Harlow East restaurant on Long Wharf, a wood-sided contemporary structure with a patio and close-up views of moored boats located at One Long Wharf. Harlow closed in 2015 after two seasons.

Ron Perelman, the billionaire investor, announced plans in December 2015 to turn the place into an outpost of Le Bilboquet, his Upper East Side restaurant, with a scheduled opening for the summer of 2016. But it looks like fans of Le Bilboquet's traditional French cookery will have to wait. It had not yet opened by the middle of June.



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Also missing the historical summer start date of Memorial Day was Grindstone Coffee and Donuts, which is slated for the low-slung brick building at the corner of Main and Bay Street, by Sag Harbor's flagpole.

Doppio East, at 126 Main Street, which struggled to pay its sales tax bills, according to news reports, closed in 2015 after just two seasons. After a drawn-out legal battle, the restaurant was evicted in May, according to a broker familiar with the proceedings. Doppio's phone had been disconnected when The Real Deal attempted to contact the restaurant for comment.

The 3,000-square-foot restaurant space in a red-brick Italianate building at 126 Main Street was listed for lease at about \$70 a square foot in early June, according to brokers.

Water Mill

In Water Mill, Red Stix, one of the East End's few fancy Chinese bistros, is no more. It folded in 2016. Its location at 1020 Montauk Highway, a sprawling 7,000-square-foot space with two apartments for staff, is now occupied by the Greenwich, which is from the team behind the fine-dining establishment Greenwich Project in Greenwich Village. The menu offers scallops, lobster and pork chops.

North Fork

In Riverhead, the restaurant Lobster Roll Northside, located at 3225 Sound Avenue, closed up shop. Its shingle-sided, two-story building is listed at \$1.995 million. The Lobster Roll in Amagansett will continue to operate.

In nearby Greenport, sushi restaurant Stirling Sake opened last fall at 477 Main Street in a 1,650-square-foot berth owned by Theo Associates. Stirling Sake has a 10-year lease at \$24 per square foot, according to CoStar Group data.

Similarly, the famous Claudio's, a two-restaurant beachhead on Greenport's waterfront listed on the National Register of Historic Places, is also trading hands, according to news reports. As of mid-June, the deal had not yet closed, according to sources familiar with the negotiations who asked to remain anonymous. Efforts to reach Claudio's managers and the property's listing agent were unsuccessful.

According to news reports, the Claudio family plans to sell it to Michael Barrett, a former owner of New York's China Club, who is also part of a team that recently purchased Montauk's Shagwong. The Claudio family has owned and operated the restaurant since 1870.