

# From Shabby to Chic for Hotels in the Hamptons

At upgraded former motels, nightly rates now approach \$400.

By DIANA SHAMAN

**W**HEN Dede Gotthelf, a Manhattan developer, walked into the 90-room Southampton Inn, a seedy 1970's motel on Hill Street, in the spring of 1998 she looked beyond the dingy lobby and envisioned a sparkling transformation that has taken little more than a year to realize.

"This was a motel in a fabulous location, but just like many others it had not kept up with the market demands of the 1990's," said Ms. Gotthelf. So backed by an investment group, she paid \$5.5 million for the inn as well as 20,000 square feet of shops across the street, all on a total of six acres. Lehman Brothers provided \$5 million in construction financing for a renovation that is now being completed.

Room rates at the refurbished inn are \$169 to \$399 a night during the summer season, and \$99 to \$199 during the off-season from October through April. Summer occupancy was in the 90 percent range this year, and occupancy during the coming off-season is expected to be in 50 to 75 percent depending on the month, Ms. Gotthelf said.

"I've summered in the Hamptons since I was born, and I knew there was a need out here for lodgings, especially now that people are coming out nine to 10 months a year," she added.

The extended season, along with a growing interest among corporations in holding seminars and conferences in a Hamptons setting, is helping to transform the motel business on eastern Long Island.

Entrepreneurs like Ms. Gotthelf are purchasing aging properties, many of them rundown, and turning them into chic year-round accommodations that have the amenities to attract vacationers accustomed to comforts.

"People who come to the Hamptons don't mind paying high rates, but they want every convenience," said Millie A. Feiltingham, the executive director of the Southampton Chamber of Commerce. "A lot of these resorts, even though they are in prime locations, have been around for a long time and need upgrading."

Skip and Lorraine Ralph saw the potential in a rundown 18th-century residence on Main Street and turned the dwelling and three rear cottages into an inn called the 1708 House that can accommodate 32 peo-



Photographs by Gord on M. Grant for The New York Times

ple. Summer rates range from \$165 to \$395 a night.

The Hatgistanrov family purchased the derelict D'Andrea Motel on Montauk Highway in Wainscott in 1988 and completed a major renovation that transformed the 45-year-old cottages and motel rooms into year-round modern suites commanding rates of up to \$275 a night. The former owner was renting units for \$20 a night, James Hatgistanrov, one of the partners, said. A 7,000-square-foot building housing offices and a personal residence was recently added to the seven-acre property, which is now called the Wainscott Motel.

**M**ICHAEL DENKTSIS, formerly a Manhattan furrier, had spent vacations in the Hamptons. Taken with the area, he said, he purchased two aging motels on Montauk Highway near Southampton College — the 15-room Olympia and the 35-room Southampton Bays Resort, both dating to the 1950's. Mr. Denktis said he spent a total of \$1 million on renovations, adding that his summer rate was \$250 a night with a two-night minimum. During summer weekends, rooms are 100 percent occupied, he said.

Sensing a niche market, one hotel developer, Hotel-Collection International of Potomac, Md., is seeking out what it calls "nostalgic motor lodges" in the Hamptons and elsewhere with the idea of transforming them into lodgings that offer visitors stylishly renovated and furnished motel rooms without the bellhops and room service that

are the trademarks of hotels. It is calling the concept Utopia Lifestyle Inns.

Three local investors, David Waksman, Jeff Salaway and Mark Smith, have purchased three Southampton motels dating to the 1950's that Hotel-Collection, which also has an equity interest in the venture, is operating and where it is testing its new idea for the first time.

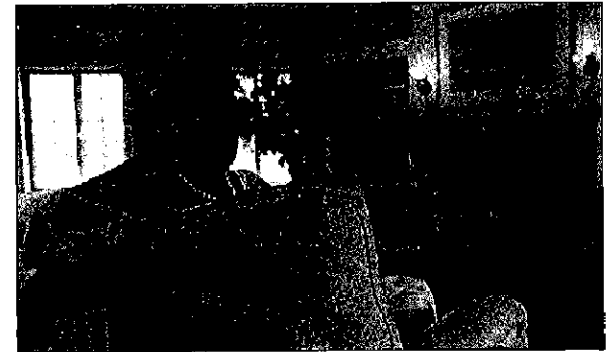
Spurring the upgrading of the older properties are zoning laws that discourage new motel and hotel construction by limiting density. Southampton, for example, limits new hotel construction to five hotel or motel units to the acre. Consequently, chain hotels like a Marriott or a Hilton are nowhere to be found.

"The thrust of the zoning is to keep things in a scale commensurate with our history, instead of inviting in massive hotel development, massive apartment buildings and big-box retailers," said the Southampton Town Supervisor, Vincent J. Cannuscio.

The 80-year-old Canoe Place Inn in Hampton Bays, now operating as a nightclub but with the potential of having 40 hotel rooms on an upper floor, is being sold through a sealed bid auction being conducted by the Sheldon Good & Company of Chicago. Bids closed last Thursday.

The nightclub business generates \$1.5 million in revenues over a 20-week summer season, said Charles J. Herman, one of the owners, but the value of the hotel zoning made it difficult to establish a market price, so he and his partner, Richard Orfino, decided to go the auction route, he said.

Southampton Inn, left, is being renovated at a cost of \$5 million by Dede Gotthelf, right. Room rates range up to \$399 a night.



Ms. Gotthelf, the purchaser of the Southampton Inn, has an extensive development background with projects that included among others the 10-story Regatta condominium in Battery Park City in lower Manhattan, which her company, the Catcove Corporation co-developed in 1985 with PRC Realty in Manhattan. Two local real estate brokers, David Osieki and Charles Chiaromonte, brought the Southampton Inn to her attention.

"What I first saw was a fake Tudor hotel with turquoise canopies and turquoise doors, which was surrounded by a sea of asphalt but basically was a very sound building," Ms. Gotthelf said. "The challenge was to turn it into something charming and gracious and inviting even when the weather is bad."

The renovation, which has taken 18 months to complete with the hotel remaining open during construction, included replacing windows and roofs, adding a 5,000-square-foot two-story extension to the lobby, and making the building accessible to the handicapped.

**T**HE addition, which leads out to a wraparound deck, lawns and flower gardens, has a fireplace flanked by bookcases and the air of a private living room. Other amenities include a pool, a tennis court a children's playroom and a dining room with an outdoor patio where breakfast and lunch are served. Additional dining is available across the street where Ms. Gotthelf's commercial tenants include the Plaza Cafe restaurant.

The lower level of the building has 7,500 square feet of conference facilities ranging in size from a boardroom seating 12 to a conference room seating up to 120 people. The architects of the renovation were Tobin & Parnes Design Enterprises of Manhattan working with Donald Jewell, a local architect. Ms. Gotthelf's husband, Terry Moan, whose company, Catspaw Construction is based in Manhattan, was the contractor.

The first property to be renovated under the Utopia Lifestyle Inns label is the 62-room Atlantic on County Road 39. It was formerly called the Sandpiper Motel. Renovations costing \$2 million have been completed. Summer rates are \$140 a night on weekdays and \$220 a night on weekends.

"Hotel-Collection International is very active in developing small luxury hotels and we saw that as a reason to bring that boutique element into the motel market where there is very little being done to create a comfortable stylish environment," said the company's president, Elmer Coppoolse. "This is for people who are not worried about spending money, but don't want hotel services."

Instead of room service and an onsite restaurant, for example, the Utopia Lifestyle Inns will provide a minibar in the room, Mr. Coppoolse said.

The partnership's next project, on which \$1 million in renovations has started, is now called the Concorde and will be renamed the Bentley. The third, now called the Bayberry, will be known as the Capri.

Each will cater to different age groups, Mr. Coppoolse said, with the Atlantic designed for those 35 to 50, the 40-room Bentley, which will offer larger suites for longer stays with rates of up to \$400 a night for couples in the 40-and-older age groups, and the 30-room Capri for the young singles crowd. A total of \$1.5 million will be spent on renovations in the Bentley and the Capri, he noted.

The Hamptons were chosen to test the Utopia Lifestyle idea "because we were looking for a market that has very high demand and where you are dealing with a sophisticated audience that has an interest in a better product," Mr. Coppoolse said. The Atlantic, which had been closed five years before it was purchased by the new owners, reopened on the Fourth of July. "We have been full since it opened," said Mr. Coppoolse. ■