

Expanding Gurney's Footprint

An Interview with George Filopoulos, Founding Principal, Metrovest Equities Inc.



Gurney's seawater pool and spa (left); Gurney's at sunset (above)



EDITORS' NOTE *George Filopoulos is the owner and president of Metrovest Equities, Inc., a firm that specializes in complex real estate restructurings, investments, and development. Since 1996, Filopoulos has been involved in projects and transactions with an aggregate cost in excess of \$1 billion. In 2013, Metrovest launched its hospitality division and purchased the controlling interest in Gurney's Montauk Resort & Seawater Spa. Having led Gurney's through three phases of renovations and rebranding, he has subsequently acquired the neighboring resort and has embarked on the redevelopment and sale of "The Residences at Gurney's."*



George Filopoulos

PROPERTY BRIEF *Situated on Montauk's most pristine stretch of oceanfront real estate, Gurney's (gurneysmontauk.com) is a Hamptons icon and the only year-round resort in Montauk. Providing guests with direct access to a 2,000-foot private sand beach, Gurney's features 146 rooms, suites, and beachfront cottages, all delivering dramatic ocean views. With five unique dining and drinking venues, Gurney's presents an array of food and beverage options, from elegant seasonal cuisine to casual fare to craft cocktails. Gurney's also offers over 7,000 square feet of meeting and banquet space, for hosting a wide range of business and social events. Their acclaimed spa is renowned for its healing treatments and ocean-fed seawater pool, the only pool of its kind in North America. All the venues at Gurney's enjoy spectacular views of the Atlantic, but none more so than The Beach Club, which provides the only beachfront food and beverage service experience in the Hamptons.*

Where does Gurney's stand today and are there changes on the horizon?

This is Gurney's 90th anniversary. The original building on the property was built in 1926.

During its renovation, we discovered seaweed in the ceiling that was used as insulation 90 years ago. We found it very interesting that someone had left it there over past renovations.

Gurney's is the second-largest employer here and the largest combined taxpayer in the Hamptons. We employ over 400 people during the summer and 200 on average year-round.

We bought the property in June 2013. At the time we acquired it, the property had an ADR of \$190 and did 46 percent occupancy. After three phases of renovations and our repositioning of the property, we now have an ADR of \$650 a night and 64 percent occupancy. We have a hotel that has probably among the highest RevPARs in the country.

It's been received well. The renovations we have done have been extensive. This involved three phases and \$20 million in capital improvements and rebranding of the property.

Will you talk about the year-round focus and what you want your guests to know about other times of year they might not think to visit?

Gurney's is a bit different throughout the year. During the summer, from Memorial to Labor Day, we will do anywhere between 90 percent occupancy in June to 98 percent occupancy in August.

The beach is one of the nicest in the world – we have 2,000 feet of private beach now and all the amenities and services that one would expect at a world-class resort, so people are anxious to be there during that time.

However, as we stretch the season, our occupancy is still very strong. We have become a major wedding destination, and weddings start as early as April and go through November.

Our group business is an area we're very focused on and pleased with. The ability to attract Fortune 500 companies for group outings has been key for us.

The wellness spin we've developed has also worked well. It teams with the natural geography of the area.

Montauk has changed over the past decade – there are a lot more second and third home owners. Our restaurant, Scarpetta, is open year-round and, although people are often surprised to discover this, we do very well.

We also have Thanksgiving and family reunion events, and in December, we do holiday parties and retreats.

January is wellness month and we partner with wellness groups as people are trying to get an early start on being healthy. March is generally a quiet time so we use this time to clean and get organized. That is our only slow period.

Would you touch on your vision around the creation of the Residences and what they will offer?

Gurney's had 10 acres on the ocean with roughly 109 rooms, a 30,000 foot spa, and 800 seats of dining. It was kind of a strange composition for a property – one would think there would be more rooms.

The property next store was called Panoramic View. It was similar in size with almost 10 acres and another 1,000 feet of beach. It was a hotel built originally in the 1950s that had been added to. The former developer converted two of the hotel buildings by combining hotel rooms to create a total of 20 villas ranging from two to five bedrooms.

In addition, there were three other hotel buildings and four oceanfront cottages, which were operated as a hotel.

We saw a great opportunity to expand Gurney's footprint and have an ownership component there. We felt we could marry the amenities and services we provide, which never existed when the homes were originally sold in 2008, and provide extra keys that we desperately needed because our demand for rooms is now year-round.

The homes went on the market Memorial Day weekend of 2016 and at the same time, we renovated additional hotel rooms so we could open them by the second week of May for a large group. It was a very advanced type of renovation but it went really well and has been a great start for that phase. The Residences are comprised of four two-bedroom, three three-bedroom, four four-bedroom, and one five-bedroom properties, ranging from 2,000 to 5,000 square feet. The design blends iconic Hamptons-style seaside cottages with modern interiors. Owners have access to Gurney's lifestyle and amenities, where absolutely everything is taken care of, including butler service, dedicated owners' beach cabanas, home maintenance, water-sport equipment storage, and access to Gurney's restaurants, seawater spa and pool, beach nannies, wellness retreats and fitness classes, and entertainment. ●