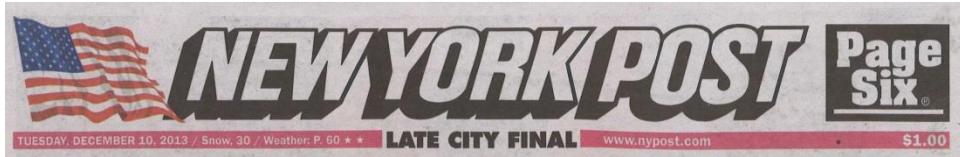


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COMMERCIAL REAL ESTATE

ROOM, VROOM!

Slick new NYC hotels are opening fast and furiously

nypost.com
 New York Post, Tuesday, December 10, 2013

BACCARAT HOTEL AND RESIDENCES

FOUR SEASON HOTEL AND RESIDENCES AT 39 PARK PLACE

By LOIS WEISS

ASLEW of fancy hotels are soon to open, joining the thousands of more moderately priced hotel rooms that have been developed in the city over the past few years.

But the days of the \$99 hotel room are gone forever, said John A. Fox of PKF Consulting, who compiles the official statistics.

Fox says the city is just now beginning to feel the impact of the added supply that will likely affect occupancies in 2014. Yet the actual number of rooms occupied will still be going up.

Fox said much as 8 percent in supply is being added, with another 4 percent in 2015. But there has now been a slight slowdown in new proposals. Any projects now being announced or seeking financing will not even be completed until at least 2017, Fox explained, as it takes three years from planning to opening day.

Overall, the city's 97,000 rooms have an occupancy rate that's up 1 percent from last year to 85 percent — with room rates up 4 percent this year to an average of \$261. Roughly another 7,000 rooms will be added next year.

Manhattan's 80,000 rooms alone have an occupancy up from 86 to 87 percent, which means rooms are essentially sold out during many nights of the year. "Eighty-six is a virtual fill," said Fox.

With the average room rate hovering at \$250, the city is actually more affordable than it was five years ago at the height of the market, when many rooms were \$300 and \$400 per night.

By the end of this year, average room rates will be close to the average rate prior to 2009.

Said Fox, "While average rate increases have been strong, our occupancy is so high that it's tough to move up from here. We remain a location where almost all major hotel companies want to have a presence because of the visibility of the city. Even if we were to have a downturn, Times Square remains the megacenter of visitation to New York and business people also want to go to Times Square and go to Broadway shows."

Developers are now concentrating on a slew of higher-end projects, including the newly constructed, 54-story, 487-room Hyatt Times Square that opened last week at 135 W. 45th St., between Sixth and Seventh Avenues. With bragging rights as the tallest Hyatt in the world, the

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JUST CHECKING IN: The glassy, 114-room Baccarat Hotel, which also includes 61 residences, is rising at 20 W. 53rd Street (far left); the Four Seasons Hotel and Residences at 30 Park Place will reach 82 stories (near left); Bar 54 at the just-opened Hyatt Times Square (above) is the highest rooftop lounge in NYC.

hotel features luxurious amenities like a rooftop lounge with indoor and outdoor fireplaces and river to river views, a meeting room with a terrace and the only hotel spa in Times Square.

Also in Midtown, at 701 Seventh Ave., Steven Witkoff is planning a Marriott Edition hotel over a 70,000-square-foot retail-filled base. A Park Hyatt designed by Pritzker Prize-winning architect Christian de Portzamparc is being developed by Extell Development at the base of One57, the massive luxury condo opposite Carnegie Hall, and the Baccarat Hotel & Residences at 20 W. 53rd St. is on its way top.

Downtown, Larry Silverstein broke ground on the Four Seasons Hotel and Residences at 30 Park Place, behind the Woolworth Building; it will have 189 hotel rooms and 157 condos.

But compared to other cities like Los Angeles and Washington, DC, Tom McConnell, executive managing director of Cushman & Wakefield Global Hospitality, says there are not as many five-star hotels in New York City.

"It is kind of unprecedented," said McConnell, as the last five-star hotel that opened in the city was the Mandarin Oriental at the Time Warner Center on

Dec. 1, 2003 — and before that in 1994, the Four Seasons at 57 E. 57th St. between Madison and Park Avenues. "It is a 20-year swing and transactions for those real, ultra-five star hotels have been scarce."

In another burst of activity, Justin Magazine, vice president of hospitality of Savills, says a few trophy assets have traded with others on the market.

The 114-room boutique James Hotel New York SoHo at 27 Grand St., sold to Prudential Real Estate for \$746,000 per key. The sale of the 605-key Helmsley Park Lane Hotel on Central Park South, marketed by CBRE on behalf of the Leona M. and Harry B. Helmsley Charitable Trust, sold for \$660 million, or \$1.09 million per key for a future condominium.

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Hotels now for sale include The London NYC and the Standard, High Line, being marketed by Eastdil Secured; the Intercontinental Barclay through Jones Lang LaSalle; and perhaps even the Plaza hotel, as its India-based ownership struggles to get its fiscal house in order.

"This is going to be an interesting time because it will show values," said Magazine. "Some

need renovation and some don't, and it will really set the mark for hotel prices."