

REAL ESTATE WEEKLY

Hotel developers checking out West Side before the frontiers close

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By **Konrad Putzier**

The Hudson Yards haven't even been built yet, but they are already fueling hotel development on the Far West Side.

Aufgang Architects are designing a hotel at 444 10th Avenue for an unknown developer, as BuzzBuzz first reported. Meanwhile, Peter Poon Architects is designing a 150-room hotel at 323 West 35th Street, according to New York Yimby.

According to Aufgang's website, the hotel at 444 10th avenue will have 65,000 s/f and rise 17 floors, complete with a garden terrace and a first-floor restaurant. Construction is estimated to be complete by December 2015 and is projected to cost \$19.5 million. The site is currently a parking lot.

The hotel designed by Peter Poon will rise 25 floors. Its developer is Landmark Realty LLC. Construction is already underway, and expected to be completed in the fall of 2015.

The Far West Side still has few hotels compared to Times Square, Manhattan's leader in hotel density and occupancy rates. But development sites north of 39th Street are scarce.

With demand for hotel beds expected to rise and the Hudson Yards development bound to reinvigorate its neighborhood, hotel developers have good reason to bet on the Far West Side.

"If you're going to map hotel development in Manhattan over the next ten or 15 years, it's really in and around Hudson Yards," said Tom McConnell, head of C&W Global Hospitality. He added the Hudson Yards development will create more demand for hotel rooms, as happened downtown when the original World Trade Center was built.



TOM McCONNELL



Rendering of 444 10th Avenue by Aufgang Architects

"But even if Hudson Yards was not being built, a lot of the hotel developments along 8th and 9th Avenues would be filled well, just

because there is so much demand for hotel rooms everywhere in Manhattan,” he said.

The Javits Conference Center is another factor in the Far West Side’s hotel boom. McConnell said there “has always been a theoretical need” for a large hotel next to the center, which most other large conference centers in the U.S. already have.

According to McConnell, an initial RFP fizzled out due to the bad economy in 2008 and 2009, but the Hudson Yards developers are still considering such a project. In early October, developer David Marx got a \$40 million loan from Madison Realty Capital to build a 420-room hotel at 448 11th avenue, directly across from the Javits Center.

“The only places in Manhattan outside the World Trade Center where you have enough space for big-block developments are on the West Side,” said McConnell.

The new developments are part of a general hotel boom in New York City. According to Massey Knakal’s Andrew Posil, “development within New York’s lodging sector is occurring at a feverish pace.”

According to NYC & Company, the sector will add 15,000 beds between 2014 and 2016 — a total increase of 15 percent, or four to six percent annually.

Although Posil wrote that this supply surge would temporarily outpace growth in demand and lead to declining profits, his long-term outlook for New York’s hotel market is bullish.