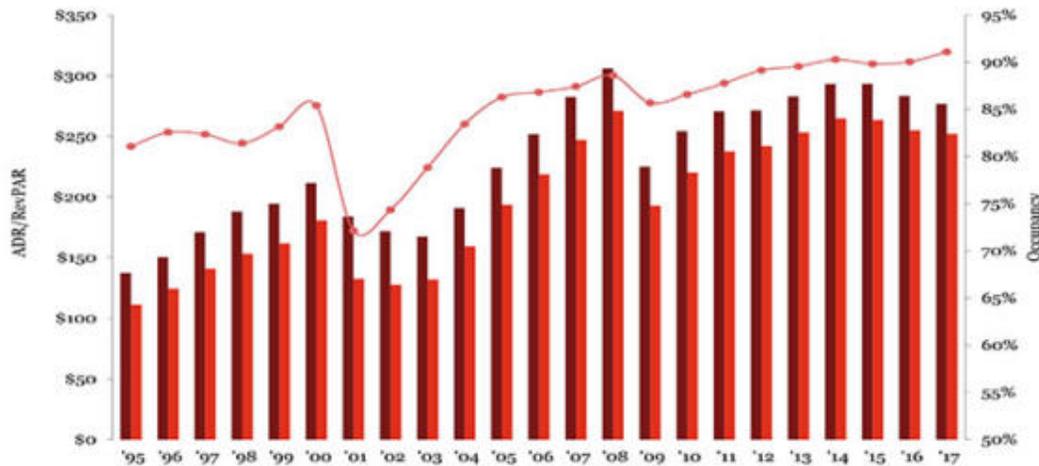


Hotel Business®

Manhattan Q3 Performance, 23-Year Trend



While a magnet for owners/developers, Manhattan has had its ups and downs over the years.

Transactions Outpaced Manhattan Openings in Q3

By Hotel Business
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Research

<https://www.hotelbusiness.com/transactions-outpaced-manhattan-openings-in-q3/>

NEW YORK—More hotels changed hands than opened during third quarter in Manhattan, picking up the pace for transactions “substantially” after only two sales during the first half of 2017.

According to Real Capital Analytics via research from PwC, the former Hotel East Houston, now The Ridge Hotel, was sold in July for \$16.7 million or approximately \$399,000 per key. The hotel was purchased by GPS Realty from Jinsup An. Also in July, the Nederlander Organization sold the DoubleTree Suites by Hilton at 1568 Broadway for \$200 million or approximately \$411,000 per key. The purchasers were a partnership of MaeField Development, L&L Holding and Fortress Investment Group.

FelCor Lodging Trust disposed of two Manhattan properties prior to its August merger with RLJ Lodging Trust. The first property, Morgans Hotel, was transacted for \$37 million or approximately \$327,000 per key. The buyers, a partnership of Kash Group and Shel Capital, plan to convert the property into micro-unit condominiums. The second property, the Royalton Hotel NYC, was sold to a partnership of Highgate and Rockpoint Group for \$55 million or approximately \$325,000 per key.

In August, Magna Hospitality Group sold the DoubleTree by Hilton, located at 341 West 36th St., to Ascott Residence Trust for \$106 million or approximately \$473,000 per key. Also in August, LE Hotels Group sold the Hotel Wales to DLJ Real Estate Capital Partners for \$35 million or approximately \$393,000 per key. And Apple Core Hotels sold nyma, the New York Manhattan Hotel, to a partnership of Capstone Equities and Highgate for \$52 million or approximately \$304,000 per key.

Hotel Openings/Closings

There were three hotel openings and one hotel closing in Manhattan during Q3, according to PwC. In July, the 113-room Morgans hotel at 237 Madison Ave. closed. In August, the 109-room Made Hotel at 44 West 29 St. opened. In September, the 618-room Moxy NYC Times Square at 475 Seventh Ave. opened, as did the 249-room Hilton Garden Inn Financial Center at 6 Water St.

All of Manhattan's five submarkets reported decreases in ADR, but hotels in the Upper Manhattan and Midtown East submarkets had increases in occupancy that offset those declines, PwC data indicated.

Hotels in Midtown East reported the strongest performance, a 2.3% increase in RevPAR; however, similar to last quarter, this neighborhood experienced both the largest increase in occupancy, at 7%, coupled with the greatest decline in ADR, at 4.4%. The Upper Manhattan neighborhood saw RevPAR growth of 0.3% while Lower Manhattan, Midtown South and Midtown West experienced RevPAR declines of 1%, 2.8% and 3.3%, respectively.

Year-to-date, Upper Manhattan is the only neighborhood to report positive RevPAR performance at just 0.4%, according to PwC data. On a RevPAR basis, Midtown West and Midtown South have been the weakest, which may be indicative of the effects of a disproportionate amount of the new supply entering into these neighborhoods, PwC research indicated.