



Times Square is about to get a new 46-story tower that is basically a giant LED billboard on one side

Lucy Handley, CNBC, 3.18.19

UVM: 87,500,000

Contractors have started work on a project that will light up Times Square in New York, one of the most-visited places in the world with around 380,000 pedestrians walking through it each day.

TSX Broadway, as it is known, will be a "branded beacon," 46 floors of retail, entertainment and accommodation. The building, on the corner of 47th Street at Broadway and Seventh Avenue, currently houses a DoubleTree Hilton hotel and the landmarked Palace Theatre, which will be restored and lifted 30 feet to accommodate an experiential retail outlet.

Upper floors will comprise a performance stage over Times Square, a restaurant with large terrace and a hotel with more than 600 rooms.

According to David Orowitz, a senior vice-president at developer L&L Holding Company, the entire building will be like a giant advertisement. "The whole building is essentially (an advertising) sign, and the side that is facing Times Square is a single sign comprised of LEDs into the building itself that runs up the entire 46-story building," he said in an email to CNBC.

Now that preparation for the demolition of the hotel is under way, executives are at work finding an advertiser that will help it recoup some of the \$2.5 billion it has raised for the new building, set to open in early 2022. And it's hired Andrew Essex, a former ad exec and CEO of the Tribeca Film Festival, to negotiate a deal with a single customer to advertise on the behemoth, including the naming rights to the building, the retail and entertainment spaces and the billboards.



L&L Holding Company | A CGI rendering of part of TSX Broadway

"It's part Super Bowl, part experiential mega arena, part center of commerce, part social network," Essex told CNBC by phone, adding that he expects to have a deal signed this year. It would have to be a brand that has the right

entertainment value, Essex added. "Events must become more eventful, otherwise people stay home and watch Netflix," he said. "So what does it take to get people out of the house today?"

Project mock-ups show a retail space with multiple floors, one of which shows an Apple-like store, though Essex would not comment on discussions.

The company isn't disclosing the value of any deal, but naming rights alone tend to run into the hundreds of millions of dollars. The rights to Mercedes-Benz Stadium, home of the NFL's Atlanta Falcons and host of this year's Super Bowl, are reported to have cost the auto maker \$324 million over 28 years, for example.

Naming rights

Naming rights for venues are nothing new, but as this deal is different because it likely include retail and performance spaces, Essex claimed. "The entire superstructure, the retail space is fungible. So could one have an esports arena? Can the stage be indoor (and) outdoor? Can you broadcast or stream directly? There's quite literally no limit to what's possible, because nothing is already purpose-built," he claimed.

Marketing veteran and CNBC contributor Mike Jackson said his approach would be to look for several partners. "I could see them trying to get partners like Apple or Amazon or one of the telecoms to really maintain a huge presence ... as things like 5G (high-speed mobile communications) come on board to deliver that integration of the retail space with the advertising platform, as well as the ability to use that broadcast venue in the theatre," he told CNBC by phone.

Jackson, who is principal of consulting firm 2050 Marketing and CEO of vehicle services company Motus One said: "If I'm ... Apple, I don't want to just buy signage or sponsorship. I literally have to think long-term, because I've got to believe that that building is going to have a huge innovative presence for the next 20 to 25 years," he said.

Data and 5G

Data will be an important part of the tower, and with 5G integration, more complex ways of advertising become possible. Location-tracking technology that serves up ads to people after they've left a store is already used by retailers.

For Dave Etherington, chief commercial officer at digital outdoor advertising company Place Exchange, it's a move forward for hitting people with advertising when they're outside their homes.

"Traditional out-of-home media companies (are) now playing a much more ... active role in thinking about physical spaces in the way that they work with venues and cities (and) in the way that brands can help fund experiences," he told CNBC by phone. "It's not unusual to see the Facebooks, the Googles, the Spotifys using out-of-home as the main channel for their branding," he added.



L&L Holding Company | TSX Broadway, a new development in Times Square, will have a built-in stage

Using augmented reality technology might allow people to "watch" performances via their smartphone, if a device is held facing the TSX stage, for example.

Retail experience

Retailers want to entice them to shop in the brick-and-mortar world. Makeup brand Cover Girl, for instance, opened a flagship Times Square store on Black Friday in November 2018, with the goal of creating "the ultimate shared beauty experience," according to an online release.

But with many people abandoning the malls to shop online instead, Jackson is concerned about whether TSX will be able to attract a high-end retailer. "The thing that scratches my head is ... obviously the foundation of that is going to be to fill the retail space with the high-quality brands that would also have the wherewithal, both from a financial standpoint as well as from a creative standpoint, to do something innovative in retail."