

NYC's First Five-Star Hotel in Decade Seen at One57 Tower

By Heather Perlberg - Jul 1, 2014

[Hyatt Hotels Corp. \(H\)](#) is seeking to make its Park Hyatt [New York](#), opening next month at the base of the ultra-luxury One57 condominium tower, Manhattan's first new five-star hotel in more than a decade.

The 25-floor property is making its debut on West 57th Street in the area known as Billionaires Row for its residential skyscrapers with apartments costing tens of millions of dollars. Plans for the Park Hyatt call for 210 guest rooms starting at \$795 a night, spa-treatment suites with private balconies, and amenities such as an indoor pool with underwater speakers that pipe in music from neighboring [Carnegie Hall](#).

Hyatt is seeking a competitive edge in [Manhattan](#), where it already operates seven properties, none rated five stars, said Steve Haggerty, global head of real estate and capital strategy for the Chicago-based company. The new Park Hyatt would be the city's first hotel with the coveted distinction since 2003, when the [Mandarin Oriental](#) opened in the nearby Time Warner Center. Since then, most growth in the city's lodging market has been in the select-service category, hotels that offer few amenities and cost less to operate.

"There's a fairly deep demand for this level of luxury," Haggerty said in an interview from a suite on the Park Hyatt's eighth floor. "It's very difficult to replicate in New York City, and there's a certain barrier to entry."

Just six hotels that are considered luxury have opened in New York in the past five years, according to lodging-research firm STR Inc. That compares with 51 projects in the three lower-tier categories, which comprise such select-service brands as [Holiday Inn](#), Best Western and Super 8.

Most Expensive

New York was the [most expensive](#) U.S. city to stay in this year through May, with rooms costing an average of \$241 a night, STR data show. Luxury hotels citywide led the nation in [occupancy](#) with a rate of 89.4 percent in May, meaning they sold nine out of 10 rooms every night.

New York's lodging industry also has been expanding faster than the nationwide pace, with 74 new hotels and more than 13,500 rooms opening since 2006, according to NYC & Co., the city's marketing and tourism website. About 15,000 more rooms are expected in the next three years, bringing the total to more than 107,000.

“[New York City](#) is just hot,” said Jan Freitag, senior vice president at Hendersonville, Tennessee-based STR. “It's expensive and is at this perfect intersection of transient business demand, group and leisure, and international demand. Everyone wants to come to New York.”

Costly Extras

Only about 10 percent of the city's hotels are in the luxury category, according to Nikhil Bhalla, a lodging analyst at FBR & Co. in Arlington, Virginia. The properties are less profitable for investors because they offer costly extras such as valet parking, 24-hour room service, multiple restaurants and full-service spas.

The Park Hyatt will be on the lower levels of Extell Development Co.'s One57 condo tower, Manhattan's second-tallest residential building at 1,004 feet (306 meters). Hyatt and Extell spent an average of \$1.8 million a room constructing the hotel, according to Bhalla.

The rooms, ranging from 475 to 2,239 square feet (44 to 208 square meters), were designed to resemble high-end apartments, with floor-to-ceiling windows and wood flooring. Bathrooms are stocked with products by boutique perfumery Le Labo and the mirrors have television screens. Two restaurants, The Back Room at One57 and The Living Room, will be run by chef Sam Hazen, formerly of New York's Veritas. Walls of a ballroom are covered with 26 tons of back-lit white onyx.

'Missing Component'

The hotel will be the 34th worldwide and sixth in [North America](#) under the Park Hyatt brand, which is the top tier for the company. A five-star property is “a missing component of Park Hyatt's network,” said Daniel Lesser, chief executive officer of New York-based LW Hospitality Advisors.

“Their guests travel to world capitals and when they come to New York, they want a five-star hotel,” he said. “Hyatt doesn't want them staying at the Four Seasons and liking it.”

A subset of luxury hotels, mostly located in the heart of large cities, qualify for a five-star rating, the highest by the [Forbes Travel Guide](#). Properties with the distinction include the Peninsula [Beverly Hills](#) in [California](#), the Four Seasons Hotel [Chicago](#) and the Ritz-Carlton New York.

Five Stars

To earn five stars, hotels must provide room amenities including fresh flowers and wine by the glass presented in the bottle and poured by room-service staff, according to Forbes. If there is a pool, guests are greeted and escorted to their chairs and set-up assistance is provided or offered.

Every rated property is visited by an inspector, and those that might qualify for a four- or five-star ranking get a second anonymous inspection, according to Forbes.

New York has eight five-star hotels, with the Mandarin Oriental the only one built in the past 11 years, according to STR. The hotel, located on Columbus Circle with views of [Central Park](#), has suites as large as 2,640 square feet and a spa room with a fireplace and private steam shower.

With other luxury projects under construction, including Marriott International Inc.'s boutique Edition hotel in Times Square and the Baccarat Hotel and Residences on 53rd Street, Park Hyatt will face some competition, according to Bhalla.

“At the moment the demand is all right, but there’s a lot of new supply growth in New York,” he said.

Billionaires Row

Upon completion, Hyatt’s \$253 million investment will make it the owner of more than 65 percent of the hotel in partnership with Extell, according to Haggerty.

One57 and other luxury residential skyscrapers being developed on 57th and 53rd streets are transforming an area of Midtown that’s known for its corporate offices, restaurants and tourist destinations. Three blocks east of Extell’s tower, a penthouse is under contract for \$95 million at 432 Park Ave. Macklowe Properties and CIM Group’s project has surpassed One57 in height and is slated to reach 1,397 feet when completed.

At One57, more than 75 percent of the units have sold, according to Jeffrey Dvoretz, senior vice president of development at Extell. [Bill Ackman](#), founder of New York hedge-fund firm Pershing Square Capital Management LP, is part of an investor group that agreed to purchase one of the apartments, a duplex on the 75th and 76th floors, for more than \$90 million.

Recently completed deals at the 90-story tower include a \$30.4 million unit on the 61st floor bought by a limited-liability company and a \$17.8 million apartment that sold to Richard Kringstein, the CEO of outerwear company Herman Kay Co., city property records show.

87th Floor

One of tower’s 11 full-floor units is still for sale, at \$67 million, Dvoretz said. The 6,234-square-foot condo on the 87th floor offers views of Central Park, Midtown and Downtown, as far as the eyes can

see.

One57 residents will be able to use hotel services, including the spa, with a menu of treatments that changes seasonally.

The Park Hyatt brand was due for an image upgrade and the Midtown hotel provides that boost, said Sean Hennessey, CEO of New York-based Lodging Advisors LLC.

New York “is the No. 1 city in the world to have the flagship property of your hotel brand,” Hennessey said. “So it was a great opportunity” for Hyatt.

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