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## Lower Manhattan's Revival Will Include New Hotels



Rendering by the Rockwell Group

Renderings of two projects planned to help add more than 3,000 hotel rooms to the nearly 2,200 already in Lower Manhattan. A boutique hotel, above, still unnamed, will open at 75 Wall Street.

By LISA CHAMBERLAIN  
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LIKE the distant sound of an approaching herd, the rumble of hotel developers coming into Lower [Manhattan](#) is growing ever louder. With more than 3,000 hotel rooms under construction or in various stages of planning, hotel capacity there could more than double within a few years.




Luxury developments include a W Hotel at 123 Washington Street and a boutique hotel at 75 Wall Street. Both projects will offer full-service hotel rooms, as well as residential units for sale. At the same time, a dozen other hotel projects are under way, many of them by the **McSam Hotel Group**, a developer based in Long Island City, [Queens](#).

The W New York-Downtown Hotel & Residences, set to open in late 2008, is the W brand's first property in Lower Manhattan. Developed by **the Moinian Group** and designed by **Gwathmey Siegel & Associates Architects**, it will have 217 guest rooms and 222 residential units. Residential sales are expected to begin later this year.

"We bought the land three years ago with the intent to build a hotel, and started talking to W more than two years ago," said Joseph Moinian, chief executive of the Moinian

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Rendering by D Box  
The luxury W New York-Downtown Hotel & Residences, the brand's first property in that neighborhood, is scheduled to open in 2008.

Group, one of Lower Manhattan's largest property owners with more than five million square feet of commercial and residential property.

The site is just a block away from the proposed Freedom Tower. The hotel "will be an important addition to the revitalization of Lower Manhattan," Mr. Moinian said. He noted that visitors have been flocking to the area known after 9/11 as ground zero "before the memorial is even built."

"Then there is all the infrastructure that downtown is getting — transportation, new streets and sidewalks, parks," he said.

Mr. Moinian isn't the only developer to see a need for more hotels in Lower Manhattan, especially when so many hotel rooms throughout the city have been converted into condominiums as a result of the residential real estate boom.

Rex Hakimian, the chief executive of the **Hakimian Organization**, has had plans for a couple of years to convert 75 Wall Street, a building used by [JPMorgan Chase](#), into a hotel and condo building. The developer said he was close to signing an agreement with a major hotel company that is starting a new boutique brand in Lower Manhattan.

The 36-story building, which was completed in 1986, will have 251 rooms — almost half of which will be suites — and 350 condos for sale. Renovations have already begun, with an anticipated opening in the summer of 2008.

The building's redesign is being handled by David Rockwell, the principal architect of the **Rockwell Group**, with an emphasis on 10-foot-high ceilings and 9-foot windows.

"From the outside, what you see is something that's built as an office," Mr. Rockwell said. "The surprise is going to be on the inside; it will be very luxurious, all about reflective light."

The lower floors will include meeting spaces, a restaurant overlooking Water Street, and a bar that will spill out into an outdoor plaza. "We're talking with a couple different arts- and music-related people to provide activities in the plaza, hopefully over the summer and beyond," Mr. Hakimian said. "We want to create a lively, active atmosphere."

An increasingly active downtown, in fact, has been fueling demand for hotel rooms, especially on weekends. According to Kathleen Duffy, a spokeswoman for Marriott's [New York City](#) hotels, the New York Marriott Financial Center, with nearly 500 rooms at 85 West Street, had an occupancy rate of 93 percent in March. The year-round average on weekends at that hotel is in the 70 percent range, she said.

"When we as hoteliers talk about proactively promoting the site, it's still under discussion if it's appropriate to market it as a destination," Ms. Duffy said, referring to ground zero. "But when you go down there, you see tons of people," she said.

Right now, Lower Manhattan has just shy of 2,200 hotel rooms, according to the Downtown Alliance, a business improvement district. But if everything that is on the drawing board is built, there will be an additional 3,200 rooms.

That number includes a proposed 160-room boutique hotel by **Time Equities**, at 50 West Street. But the projection does not take into account plans announced by **Silverstein Properties** last month for knocking down a building at 99 Church Street and building a luxury hotel and condominium building. A spokesman for the company said that no final decision would be made until the building was vacated this fall.

Eric Deutsch, the director of the Downtown Alliance, said that the area remains "a central business district, but the hotel companies recognize that this is becoming more of a 24/7 community with an improving retail environment."

Jeffrey Dauray, a senior vice president at CB Richard Ellis who specializes in the

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hospitality sector, agreed. "It's a vibrant marketplace," he said. "In terms of occupancy increases, it's the best-performing submarket in Manhattan. Historically, downtown had been a five-night-a-week hotel market, but that has changed, thanks in large part to the mixed-use development that's happened."

Most of the larger, full-service projects are combinations of hotels and condominiums, Mr. Dauray noted, because the two markets complement each other. The early return of capital from condo sales helps to offset the longer-term investment that a hotel requires. "And the residential base supports the amenities that the hotel offers," he added. "There's quite a nice synergistic relationship."

Mr. Dauray has underwritten a number of hotel deals over the last few years, including those for the McSam Hotel Group, which has been acquiring smaller sites and planning both full- and limited-service hotels in Lower Manhattan.

At 20 Maiden Lane, McSam has a 101-room hotel under construction that will be a Holiday Inn Express. The company also has 1,800 more hotel rooms in various stages of planning, including a 288-room Westin at 33 Beekman Street, a 192-room Doubletree at 8 Stone Street and a 371-room hotel, with no brand name yet, at 99 Washington Street, among others.

The **Lam Group**, another local development company, has a 660-room Sheraton under construction at 217 Pearl Street.

"The Lam Group and McSam stepped into a market that had been overlooked," said Gene Kaufman, the architect for both developers. "Now there are others coming in. The rebirth of Lower Manhattan has exceeded expectations — to everyone's great joy."

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