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## More hotels popping up outside Manhattan

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On a recent autumn night in New York City, Konstantin Bark stood on the sixth floor balcony of the Wythe Hotel bar in Brooklyn with just a blazer to shield him from the blustery wind.

The German tourist didn't mind too much, for across from him was an expansive view of the Manhattan skyline. It was straight out of a postcard.

"This is an amazing place," Bark said as he shivered, never taking his eyes from the scene in front of him.

It used to be that tourists wouldn't dare cross a bridge or drive through a tunnel to get off Manhattan Island and into the city's four other boroughs. But with land so expensive in Manhattan, hotel de-

velopers are turning to the outer boroughs for less expensive property. And tourists are following for the less expensive hotel rooms — sometimes 30% less than what rooms cost in Manhattan.

During the holidays, when Manhattan hotel prices skyrocket, the outer borough hotels can be even more appealing. And if tourists such as Bark want to get to Manhattan, all they have to do is hop on the subway, in some cases for just one stop.

That's if they want to. In many neighborhoods outside Manhattan, there's plenty to do.

Hotel developers have an influential supporter in their endeavor: New York Mayor Michael Bloomberg, who's been

heavily promoting the city's outer boroughs as tourist destinations. The city has rezoned many neighborhoods where new hotels are sprouting, to encourage growth.

"Clearly, the economic development efforts taking place in all five boroughs ... that has been a driving force," says George Fertitta, CEO of NYC & Company, the City's official marketing and tourism organization.

### **Room, lots of room**

Since 2008, 162 hotels have been built or renovated in New York City, according to NYC & Company. That's added 28,150 rooms to the city's hotel supply.

More than a quarter of the new prop-



“The developers are very smart. They understand the dollars and the cents of it.”

Joseph Yi, general counsel and vice president of business development for The Lam Group, which develops and operates franchised hotels, says they certainly do. He estimates that land in Manhattan goes for

erties, 27%, have been in boroughs outside Manhattan. That represents about 17%, or 4,850, of all the rooms added.

Queens got 15% of the new properties, while Brooklyn got 9%. Those two boroughs are attractive to developers and travelers because a tall hotel in some of neighborhoods can offer something you often can't get in Manhattan: grand views of the Manhattan skyline.

“That skyline, you don't really get to see it if you're in it,” says Peter Lawrence, a partner at the Wythe Hotel in Williamsburg in Brooklyn.

The Bronx has been slower to develop economically. But it's also getting a new boutique hotel. Jay Domb, owner of seven Manhattan hotels, including The Belvedere, will open the Bronx Opera House Hotel in a Beaux Arts building in the South Bronx that once played host to performers such as George Burns and Houdini.

Among the borough's appeals: the Bronx Zoo and Yankee Stadium. Fertitta says he wouldn't be surprised if a hotel were to open directly by the stadium one day.

Even as it recovers from the devastation caused by Superstorm Sandy, the city's smallest borough, Staten Island, is getting a 120,000-square-foot hotel.

It's part of Bloomberg's plan to build the world's largest Ferris wheel to rival the Singapore Flyer and London Eye. Along with the New York Wheel, Staten Island is to get the Harbor Commons, a 350,000-square-foot retail complex where the hotel would be located.

“When those things come about, there will definitely be a magnet for people to stay close around there,” Fertitta says.

close to \$400 a square foot. Land in Long Island City in Queens and in Brooklyn is typically \$100 to \$150 a square foot, he says.

“You have some other hotel developers trying to get into the hotel business ... unable to get into Manhattan because of competition and pricing,” he says.

Competition is intense because hotel occupancy levels in Manhattan have stayed relatively high despite the slow economy. In October, 91.6% of hotel rooms were filled, up from 90.9% the same time last year, according to NYC & Company.

“You just don't have that much supply in New York to fill that demand,” Yi says.

### **If you open it ...**

Peter Lawrence is pleased. It's a Tuesday night, and his hotel, the Wythe, is booked.

The Wythe opened in May in an industrial part of Brooklyn's Williamsburg neighborhood. A subway stop from lower Manhattan, Williamsburg has become a destination. On almost every street, visitors find a bar or consignment store. Signs for condos are popping up.

Lawrence says he and his partners saw a need in the up-and-coming neighborhood for a unique hotel rather than a cookie-cutter chain version.

“Brooklyn would be the fourth-largest city in the United States if it stood by itself,” he says.

“The idea that there was no hotel market was ridiculous.”

Built in a former textile factory across from the Brooklyn Brewery, the 72-room Wythe has become the social hub of Williamsburg. At 5 p.m. on a recent evening, its restaurant, the Reynard, was filling up. Getting a table at Reynard — an industrial chic establishment with a wood-beamed ceiling, cast-iron columns and Art Deco-style lamps — isn't always easy.

Rooms, some of which have patios with a view of murals honoring defunct Brooklyn businesses, are also getting more difficult to come by. The average daily rate in Manhattan is \$253. Lawrence says he always keeps 12 rooms below \$200. But they can go as high as \$400.

Codring James, 25, a stylist and fashion student at Parsons, The New School of Design, wasn't staying at the hotel but chose it as a meeting place to impress a potential client. The Brooklyn native picked the Wythe, he says, because it's “cool” and represents his modern style.

He also likes the eclectic mix of patrons. In Williamsburg, “You're seeing a convergence of creativity and cultures coming together,” he says.

“The Wythe Hotel is sort of that hub that houses all the people passing through,” he says. “It's a haven.”

Lawrence likes to say there's no other hotel in Brooklyn like the Wythe. But less than two blocks away, the 64-room King & Grove Williamsburg is trying to challenge that.

There are two other King & Groves, including the King & Grove Tides in Miami's South Beach. With its outdoor pool, sun beds and chaise lounges, the year-old King & Grove Williamsburg is bringing some





Now they realize it's a cool place. ... It's got its own attitude. It's the new Manhattan."

While most new hotels are small boutique properties, some larger chains are entering the market.

Starwood's modern, mid-market Aloft Brooklyn opened downtown about a year ago. Its 176 rooms are typi-

cally more than 85% full, says Aloft Senior Vice President Brian McGuinness.

"It's an emerging neighborhood, so there's a lot of investment going in there," he says. "It's a nice balance. ... It's close to Manhattan, you can jump on a train. But it's at a price point that is a little more palatable to our customers."

### A royal stay

While hotel development has been going on a few years in Brooklyn, it's just starting to pick up in Queens, home to JFK and LaGuardia airports. But most travelers bypass its ethnically diverse neighborhoods and head straight to Manhattan. Now, developers are trying to carve a niche in Long Island City, a subway ride from Midtown Manhattan.

Long Island City has attractions such as MoMA PSI, an exhibition space affiliated with the Museum of Modern Art, and the Museum of the Moving Image. Developers also see potential customers from neighborhood film and TV production facilities, such as Silvercup Studios, and from Citigroup's office tower. Nearby Astoria keeps attracting young professionals and restaurateurs.

"It's no different" from Manhattan, says Lisa Gneo, director of sales and marketing for Z New York City Hotel, which opened in Long Island City July 2011. "You're just going a little under water or over a bridge."

On summer evenings, the Z's rooftop bar is packed with revelers who want to watch the sun set over the East River and the Queensboro Bridge. Every room at the Z has

views of Manhattan. In one, the Queensboro Bridge looks so close, you can see the cars.

Owner Henry Zilberman built the Z on land he bought in 1996 to park cars for the limousine business he also runs. "I'm a very practical person," he says. "Today in Manhattan, the land and the property costs so much that you cannot give full value to your customer."

Customer value at the Z includes complimentary bus service to and from Midtown Manhattan and free bikes, Wi-Fi and international and local calls.

Like Brooklyn, Long Island City has attracted brand names. The Four Points by Sheraton opened there last year. Marriott introduced a Fairfield Inn & Suites. And the Wyndham Garden Long Island City Manhattan View made its debut in April.

"A lot of businesses are moving here," says Jeffrey Reich-Hale, director of sales and marketing for the Wyndham. "We see the potential and great growth in Long Island City. It's amazing."

One of the newest additions to the Long Island City hotel scene is the 32-room Nesva Hotel, which opened in September.

Some rooms have balconies overlooking Manhattan. A rooftop has a view that rivals the Z Hotel's. And general manager Tim Westwig knows a rooftop bar would bring in more business.

So far, he says, business has been good. It's had a sold-out weekend. "People are finding out about us quick," he says.

Rates are about \$100 less than in Manhattan, he says. "That's a big bonus," he says. "If you spread that out over a couple of days, that gets you a ticket to a Broadway show."

South Beach flair to Brooklyn. The pool became so popular in the summer that non-guests were willing to pay \$45 for a day pass. Rooms range from \$295 to \$595.

"We felt that Williamsburg was a place our customers wanted to be," says partner Ed Scheetz, the former CEO of the Morgans Hotel Group. "It was growing, there was a lot going on, it was fun and there were no hotels."

Scheetz wants to make the King & Grove more of a destination hotel for tourists and neighbors. He will soon announce a new concept for the restaurant. He also plans to build a second hotel in Williamsburg.

"It's not a fad or phenomenon," he says of the building boom. "It's something that has a lot of longevity. It's something that's only going to get stronger."

There's action elsewhere in Brooklyn., with the building of the Barclays Center, the new home of the Brooklyn Nets NBA team.

Nearby in Sunset Park, DJ Bijal Panwala has opened the 76-room Hotel BPM, named for the musical term "beats per minute."

In BPM's lobby is a small booth where guest DJs will spin music every Friday and Saturday. Starting room rates range from \$209 to \$409. They include a free warm breakfast, Wi-Fi and a nightly cocktail hour. For \$20, you can buy the contents of a minibar. A Smart TV in each room lets you stream your Netflix or Hulu programs. "We try to do things one step up," Panwala says.

Panwala chose Brooklyn because it's where he started his career.

"The image of Brooklyn is different than what it was before," he says. "I think people had the image that it was unsafe.

