

# THE REAL DEAL

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## Night dawns brightly for hotelier Chatwal

### Boutique lodgings capitalize on city tourism boom and rising room rates

By Steve Cutler

When Vikram Chatwal opened the posh boutique hotel Time just north of Times Square in 1999, it was risky business. Back then, high-style in Times Square was more Walt Disney than Richard Meier. "People said it wouldn't work," recalls Chatwal.

Call it good karma: It worked, and survived the calamitous post-September 11 years, getting a sister hotel, Dream, on West 55th Street at the end of 2004. Chatwal will launch his third high-concept hotel, Night, in the same Times Square neighborhood at 132 West 45th Street, perched atop what might be the strongest market for hotels the city has ever seen.

The occupancy rate for hotel rooms is expected to hit a record 87 percent for 2005, as compared to an overall average of 74 percent over the last 38 years. Rates for summer 2005 surpassed summer 2004 by almost 25 percent.

And while the average price for a hotel room in the city hovers around \$280 per night, Christmas vacation numbers last month were off the charts, with budget rooms reportedly pushing \$370 a night.

Why this bonanza for the hotel industry in New York City?

First, tourism is way up. A record 41 million people visited New York in 2005, according to the city's tourism board, due to the strength of the Euro against the dollar, high gas prices and increased business travel.

Secondly, the wild appreciation in residential real estate values in the past several years has spurred the conversion of a large number of hotels into condos.

"About 3,000 or 4,000 keys have been converted into condominiums - roughly 5 to 8 percent of New York's hotel supply," says Chatwal. "That certainly does help the hotel business."

According to Mark Gordon, managing director and head of the International Lodging and Leisure Group at Sonnenblick-Goldman, "The decrease in room supply combined with a rapidly improving economy has resulted in the ability for hotel owners to dramatically increase pricing."

Gordon sees signs of a possible end to the conversion craze. "The hotel market has become so strong here in the city that going from a hotel to residential has become less favorable," he says.

Chatwal is all too aware of the volatility of the hotel market. His collection of boutique hotels operates under the umbrella of the \$750 million international Hampshire Hotels and Resorts empire, begun in 1987 by his father Sant Chatwal with the conversion of the Tudor Hotel in Manhattan.

"Everything is cyclical," says Vikram Chatwal. "It has ups and downs, and now we're on an up. I think when you have good brand recognition and aren't too highly leveraged you will be able to weather the storms."

Essential to good leverage is location. The high-concept Night, between Sixth Avenue and Broadway, might have been a perfect fit for downtown markets such as Tribeca or the Meatpacking District, "but I just couldn't find the right place there," says Chatwal. In less expensive Times Square, he says, "the numbers made sense. We're in at decent basis, so even if the market swings, we can take a large price cut."

Besides, he figures, good design is viable anywhere in the city. "It could be the Upper East Side or down in Greenwich Village," he says. "In Manhattan, there's style everywhere." That seems to work at Dream, at 210 West 55th Street, which is constantly packed. It was designed by architect Mark Zeff, who also designed Night, and contains Serafina, a restaurant designed by the Rockwell Group.

Containing 72 guest rooms, priced from \$275 to \$525 per night, with two penthouse suites going for \$1,500 to \$2,500 per night, Night is aimed at an upscale clientele "that is extremely design conscious and service conscious," says Chatwal. "They like something new and stimulating. Because there are so many products out there, they look for the best value for their money."

The key word for perceived value in a high concept hotel today, as with the newest designer condominiums, is "branding." Night is replete with details large and small that refer to its distinctive chic nocturnal theme.

"We're painting the building black," says designer Zeff, "and on the front we'll suspend a mirrored billboard the height of the building and 14 feet wide, like a sheet of glass with a huge gothic-style 'N.'"

A dark bronze/black metal entrance canopy with steel-like rivets hangs over the tall, black glossy front door. "Big boxes with trees and outdoor draperies provide a feeling of comfort immediately as you get out of the cab," he adds.

The hotel, says Zeff, "has a nighttime gothic feeling - a naughty place to go - and the branding is full of that." At the same time, he adds, "it's a little bit like an old manor house in the middle of the city - a cloister, a sanctuary." The dark, atmospheric interiors were intended to provide a backdrop "for the people who would colonize the building and bring it to life."

Night compensates for its modest size with custom detailing and lighting effects. "The interiors are minute," says Zeff, "but for me small can be big. Making it dark and atmospheric gives it a sense of space. If you have a shadowy space you don't know where things begin and where they end."

The rooms are small, containing little other than a custom-designed bed, which, says Zeff, "looks like a cross between a 17th-century coach carriage and a sleigh bed."

There is also a chair made by Steelcase, the high-end office furniture company, and upholstered in Coach leather, that converts from an office chair into a chaise lounge. Bathrooms are black with white tile floors and offer robes - black, of course - and Molton Brown bath products.

Tech amenities include Wi-Fi broadband, satellite radio, flat-screen TVs, DVD players and custom-designed black and white iPods. The iPods are pre-programmed with music that can be purchased on CD at checkout.

Zeff figures the Night audience will consist of "people who are in the movie, music, ad campaign or design business. And it will appeal to women a lot; it has a sense of female sexiness."

With BMG headquarters right across the street, it's bound to attract music industry professionals.

But, says Chatwal, with his eye to the bottom line, "we don't discriminate. Our hotels don't have velvet ropes. We make sure everyone can be accepted. There's got to be something in it for everybody."

Next on the agenda for Chatwal is the conversion of the landmark 1904 Sanford White-designed Lamb's Club at 130 West 44th Street into a luxury hotel. He's owned the property for close to nine years and has just, he says, signed architect Thierry Despont to do the design.

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