

CHECKING IN

New Ways to Stay a Night In Lower Manhattan

By ALISON GREGOR

A SIGHTSEEING map of Manhattan that was published in 1928 is framed in the restaurant in the Blue Moon Hotel, which opened a month ago on the Lower East Side. There are about 12 points of interest on it.

Today there are more than a dozen interesting sights in Lower Manhattan alone, and soon there will be at least that many new hotels in the area.

The 22-room Blue Moon is one of the more than 20 hotels being built or proposed to be built for the slice of Manhattan below 14th Street. It is a collection of hotels that rivals those planned for Midtown Manhattan, the city's tourism center.

"There's room for hotels down here," said Randy Settenbrino, developer and owner of the Blue Moon, where rooms sleep up to four people, at prices starting at \$225 a night. "People see the opportunity, and they're jumping into the market, and they're filling in the niche."

Affordable sites are difficult to come by in Midtown. Hotel developers are often in fierce competition with residential developers, so they are finding themselves scouring the downtown, the far West Side and the other four boroughs.

"We expect hotel room supply to increase over all in the city in 2006 for the first time since 2003, but only a small amount of that will be in the traditional Midtown area," said Kirk Reed, a hotel consultant for PricewaterhouseCoopers.

Lower Manhattan's occupancy rates, which averaged around 85 percent over the last year, have mirrored those seen throughout the borough and are considered high by industry experts. "A consistently high occupancy rate is a clear litmus test that there's a need for more hotel rooms," said Daniel H. Lesser, a senior managing director who leads the hospitality group at CB Richard Ellis.

Leading the demand are business travelers, experts say. The Hampton Inn Manhattan-Seaport/Financial District, set to open at the end of this month, aims to capture this type of client, said Neil H. Shah, chief operating officer of the Hersha Group,

which developed the 63-room terraced hotel located in a district that has landmark status. "There was a downturn from 2000 to 2003, but that's really picking up, and gives us the feeling that the area is going to be relatively underserved with hotels," he said.

Accordingly, rates at the hotel will hover around \$200 a night — higher than the usual range of \$125 to \$175 a day for other Manhattan Hampton Inns.

The hotels planned for downtown, mostly under 200 rooms, are smaller than those typically built in Manhattan. They tend to fall into two categories: midprice with limited service or upscale boutique.

Mr. Reed, though, says that all of Manhattan is seeing a trend toward smaller hotels, along with development of lodging in the middle of the block or on side streets.

Zoning regulations have had an impact. "There are areas of the city zoned only for commercial uses, so you can't build residential," said Richard Born, a principal of BD Hotels, which is finishing construction on two hotels in Lower Manhattan. "Those areas are natural sites for hotels, and a lot of those locations are downtown — for instance, in TriBeCa and SoHo."

Mr. Born says his hotels will open this summer. One is a 90-room upscale hotel with oversized suites being developed with his partner Ira Drukier and the actor Robert De Niro in TriBeCa. The other is a 136-room hotel on East Third Street.

"I can tell you — not from rumor or innuendo, but from my operating businesses — that there still seems to be demand for more rooms down there," he said.

There are about 28 existing hotels below 14th Street, with about 4,420 rooms, according to data provided by Smith Travel Research. About 2,500 rooms could be added if current proposals are developed, according to PricewaterhouseCoopers and PKF Consulting, which specializes in the hospitality industry. Another 800 rooms could be created as early as 2010 with a new hotel at the former World Trade Center site.

But some proposed hotels may never be built, Mr. Lesser said. "What happens is, those projects that are farthest along in the development process come on line, and they diminish the feasibility of those at the bottom of the development cycle," he said. "I've

SQUARE FEET



Photographs by Angel Franco/The New York Times

FILLING A NICHE

The Blue Moon Hotel, above, is one of the more than 20 hotels being built or proposed to be built below 14th Street in Manhattan. Its rooms, above left, sleep up to four people, at prices starting at \$225 a night. The Hampton Inn New York at 320 Pearl Street, left, is set to open at the end of the month.

seen markets with 20 or 25 hotels in various stages of 'development' end up with 5 or 10 hotels actually getting built."

Among the hotels likely to be developed are a Best Western and a Comfort Inn. The 45-room Loft Hotel TriBeCa at 130 Duane Street, which will have a restaurant called 'beca, is scheduled to open by the end of the summer, said the hotel's general manager, Jeffrey Stegman.

Hotel experts say the key to succeeding in Lower Manhattan is attracting both business and leisure travelers.

"You have to do well seven days a week," said Mark Nogal, vice president for marketing at Hilton Garden Inn, which will open a

150-room hotel in TriBeCa this fall. "You can't make it on just a few days a week. Obviously, business travel is very important, but we've also made a big attempt at targeting leisure guests, too."

Price-sensitive leisure travelers already find their way to Lower Manhattan, which is now dominated by business travelers from the Financial District, Mr. Lesser said. In the future, some leisure travelers may make Lower Manhattan their destination.

"There are 10,000 residential units that have moved down there, so there are starting to be tourist attractions," Mr. Born said. "There are six or seven museums, and the World Trade Center site has become a bit of

a tourist destination."

The Blue Moon Hotel has some amenities that would appeal to business travelers, like free wireless Internet access. But with walls filled by artifacts from the Lower East Side's history, it is cultivating an Old World charm to attract leisure travelers seeking a cultural experience.

"Initially, I had this building, and I thought, 'What is the highest and best use?'" Mr. Settenbrino of Blue Moon said. "This street is like a back lot from MGM, with the Tenement Museum, a couple of old shops, a full cobble street.

"I thought, 'What could be better here than a hotel?'" □