

Morris Moinian: Waldorf Astoria Closure Is Opportunity For Hotel Investors

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[Morris Moinian](#) is an idea man. His strategies for success in the hospitality industry are enough to develop his own brand, which makes sense: His advice to New York hoteliers is never pay someone else to put their name on your hotel.



Bisnow: Andrew Nathanson

President of the Fortuna Realty Group Morris Moinian speaks with Arent Fox lawyer Kimberly Wachen at Bisnow's NYC hospitality climate event.

Moinian founded [Fortuna Realty Group](#), which owns and operates three hotels in Manhattan, one in Garden City [Long Island](#), one in Beverly Hills and one in the U.S. Virgin Islands. He is building hotels at 25 West 38th St. and 1150 Sixth Ave.

Although there has been a [glut of new Manhattan](#) hotel rooms, with 4,000 new ones delivered in 2016 and more than 5,800 expected to be built this year, making some skittish about the short term, Moinian sees the closure of the [Waldorf Astoria](#) as a windfall.

"The Waldorf Astoria took 1,400 hotel rooms off the market, that is a huge take off the market," Moinian said. "The combination of land prices and the cost of new construction means people who own hotels are in pretty good shape. Long-term players, not high-risk, short-term people, have nothing to worry about."

Speaking about success in the hotel business at *Bisnow's* NYC Hospitality Climate event this week, Moinian said it requires constant outside-the-box thinking.

"How you merchandise and package the goods is important," Moinian said. "You have to get the room sizes and bathroom sizes right to give people a good experience; it's a matter of economics."

Two hotels, one with 176 rooms and one with 96, built on the same size lots will make different amounts of money based on vacancy rates. But Moinian said the hotel business sells more than just rooms.

"One third of our revenues in some of our hotels," Moinian said, "come from the food and beverage component."

In Moinian's Long Island [Garden City Hotel](#), guests constantly book events and eat meals at the hotel. Moinian built 35K SF of kitchens, and the property has the capacity to produce 10,000 meals a day.



Bisnow: Andrew Nathanson

LW Hospitality Advisors president Dan Lesser speaks at Bisnow's NYC Hospitality Climate Event

LW Hospitality Advisors CEO Dan Lesser and Loews Hotels senior vice president Michael Palmeri agree with Moinian's long-term assessment of the Manhattan Hotel market.

"If you buy in New York City now and hold for at least 10 years, you will make money," Lesser said. Palmeri said that

"if what is happening now in the New York City hotel market happened anywhere else, there would be much more turmoil."

Palmeri has seen expenses go up, and the hotel industry is constantly targeting a younger customer who has less disposable income. Demand for hotel rooms, however, is so strong, that Moinian does not believe hoteliers need to brand their hotels in New York City.

"We have 110 sold-out nights a year in this city, you don't need to pay 10-11% off the top of your revenues to run a successful hotel in this city," Moinian said. "Plus, 10% of \$100M is a lot of money."

He also said that a hotel unencumbered by a brand can sell for \$10M to \$20M more.



Bisnow: Andrew Nathanson

Loews Hotels senior vice president Michael Palmeri speaks at Bisnow's NYC Hospitality Climate Event

Moinian [bought an eight-story](#) office and retail building at 1150 Sixth Ave. for \$39M in 2012 and plans to tear the structure down to build a 50-floor, four and a half star hotel with a 2018 opening date.

"44th and Sixth Avenue is one of the best corners of the world, this is one of the only non-developed spots along the Times Square corridor," Moinian said when asked to describe the project.

When he bought the building, he did not know if he could buy highly sought after air rights from the city, but he negotiated and eventually made the deal, he said. Moinian carefully studies interior design, reading magazines and keeping a board in his office of pages of things he likes for his designers to emulate.

