

August 19, 2020 01:37 PM

Even with tourism hurting, city hotels begin to reopen



The city's once-glamorous [hotel scene](#), part of which has provided shelter for the homeless to survive the [pandemic](#), is planning its comeback.

The Dream Downtown, a 314-room luxe Chelsea hotel, is set to open its doors to guests Friday, and rooms are already booked, Chief Executive Jay Stein said. The hotel, which has been closed since mid-March, is promoting itself to staycationers who want to get out of their home for a few days or celebrate a special occasion, he said.

Most [hotel bookings](#) these days are impulse trips, Stein said, and demand remains minuscule. He said he doesn't expect the hotel to reach more than 15% occupancy in the next couple of weeks.

"You don't just turn it on and everything is booked," he said.

Certainly not all hotels are moving forward with a reopening yet, but those that are taking the plunge are jumping in at their own risk, said Vijay Dandapani, chief executive of the Hotel Association of New York.

"Individual hotels may be willing to test the waters, so to speak, but the booking horizon is bleak," Dandapani said, "given the countrywide quarantine and total lack of international business."

Hotel revenues are 70% below what they were this time last year, Dandapani told *Crain's*, adding that occupancy rates won't be rising for a while.

The industry lost more than half its workforce—56%—at the height of the pandemic here, according to city data.

The Dream Downtown's pool deck and café as well as the Dream Midtown's rooftop bar, PHD Terrace, reopened in July to the public. The hotels continued to lose money, though having the food and beverage services available helped a bit, Stein said.

Occupancy rates plunged to 18% at the height of the pandemic in the city, but have slowly crept back up. As of Aug. 8, though, the rates were still only at 38.4%, according to STR Global, which tracks the industry.

To stay profitable, Stein said, he needs his hotels to be at least 35% booked at decent rates. The rates he thinks he can charge now are probably going to be 25% to 40% less than Dream's average daily rates. Nevertheless, reopening is better than staying closed, he said.

"I think initially we'll lose less money," he said, "and hopefully get to the point where we'll start making money."

The Bowery Hotel is planning a Sept. 4 reopening after a five-month hibernation. It also expects mostly local demand from staycationers and couples eager to get married, said Leo Jacob, the luxury hotel's marketing director.

The Bowery owns the adjacent restaurant, Gemma, which has helped offset its losses and kept some of the staff on the payroll, Jacob said.

"During this time leading up to a vaccine or antibody, I think hotels that have outside dining options or rooftops will certainly be in far more demand than hotels that do not," he added.

A small number of hotels have stayed open during the pandemic to shelter the city's homeless population and protect them from the risk of Covid-19 exposure in shelters. Dream opted out of the program, given the city's low rate offer and the perceived risk to the quality of its hotels, as did the Bowery Hotel, which cited initial plans to reopen earlier. Hotels currently offering the homeless rooms are generally on the lower end of the spectrum, Jacob said.

Protecting the homeless from the coronavirus has been a challenge for the city, which has been receiving complaints from residents near the hotels with homeless guests in Midtown, the Upper West Side and elsewhere. Mayor Bill de Blasio initially opposed moving people from shelters to hotels, he said during a Monday news conference.

The mayor said he is working on getting homeless people back into shelters, now that the local coronavirus infection rate has diminished.

"Hotels are certainly not where we want to be in general," he said. "We're going to start that process immediately."

Link: <https://www.crainsnewyork.com/commercial-real-estate/even-tourism-hurting-city-hotels-begin-reopen>