



Luxury NYC hotel Dream Downtown looks to make a comeback as COVID-19 hurts the travel industry

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Jay Stein, Dream Hotel Group CEO, joins Yahoo Finance's The First Trade with Brian Sozzi and Ines Ferre to discuss the luxury hotel market in New York City and across America, how Dream Hotel Group's locations are implementing safety protocols and much more.

Link: <https://finance.yahoo.com/video/luxury-nyc-hotel-dream-downtown-153937938.html>

Video Transcript

BRIAN SOZZI: The broader hotel industry is still reeling from a pandemic that has sharply reduced travel globally. But what about the high end of the hotel market? Let's bring in Jay Stein, Dream Hotel Group CEO. Jay, good to see you. You recently opened your Dream downtown location in New York City on August 21. What are you seeing?

JAY STEIN: Thanks, Brian. Unfortunately, we're not seeing all that much. Your lead-in there with the airlines, so we need that-- those seats to start being filled. Those people arrive in New York, they need a place to stay. So it's all kind of tied in together.

We've got a great vibe in that hotel, with an outdoor pool. So we thought we could cash in on some of the staycation business, some of the drive business, even though you don't think of New York City as a drive market per se. But there's a lot of pent-up demand of people wanting to do something. So we felt we would try and take advantage at the end of the summer, see how that goes.

And so we've been open, like I said, about 10 days now. And it's not very exciting. The demand is-- we didn't expect it to be great, and it's not at this point.

BRIAN SOZZI: Jay, what's-- in that case, what's plan B? Do you have to discount? How do you get human beings to come to the hotel-- and your hotels are absolutely beautiful-- to enjoy that experience? What needs to happen?

JAY STEIN: So that's the New York situation. We're in other places. We're in Hollywood. We're in Nashville. We're in South Beach. We're in Durham.

And in some of those markets, we're seeing better results. Actually, even in Los Angeles at Dream Hollywood, we're seeing significantly better-- not anywhere near where we normally would be, but much better and easier to-- the game we've been playing is 'can we lose less money by being open than being closed?' Not 'can we make money yet,' but we can we lose less? So in some of the other markets, it's a no-brainer, much better to be open than be closed. Manhattan's still a little tough at this point.

BRIAN SOZZI: Have you reached a decision? Or are you even having conversations on exiting New York City? We're seeing so many businesses completely pull out of the city. Where are you?

JAY STEIN: No, so we're not at that point. We know that New York will come back. The idea was keep the gun powder dry, stay afloat, be able to make the minimum payments that we have to and get through to the other side.

I assume 20%, 30% of hotels might not make it to the other side in Manhattan. That will reduce some of the room-- available rooms in the city. Once you see the demand start coming in, I think those hotels that could make it through will see some rewards for that. So yeah, our goal still is to stay invested in Manhattan and, as I said, make it through to the other side.

INES FERRE: And Jay, when do you expect Manhattan to kind of come back to pre-COVID levels? Are you looking at a timeline of a year, a couple of years, five years?

JAY STEIN: To get back to pre-COVID, yeah, it could take a few years. And it's not just COVID. New York was, from the hotel point of view, was not doing great for a number of years in terms of being able to drive higher average rates. There were a lot more rooms that came into the market over the last seven, eight years.

And the occupancies haven't dropped. So all those rooms got absorbed. But the average rates that people pay to stay have not been able to-- have not gone up the way the-- what you'd expect to see. So it was a tough market beforehand.

INES FERRE: And as far as the guests staying in those types of rooms, I mean, of course, you've got people who are going on vacations. That's what you normally were used to. But what about business travelers? Are you concerned about the business travel sector that-- and if it doesn't come back as it was before COVID-19 because everybody can now do their meetings via Zoom?

JAY STEIN: Yeah, so, yeah, that's the big one. I mean, I think the leisure will come back once Broadway opens and people are eating in restaurants. And the numbers have been very good in New York from a COVID perspective. So hopefully you start to see some of those things change. And I think the leisure demand will come back.

The corporate demand, a little different. Companies are not going to want to send their people until they're absolutely comfortable. I do think, though, that people will want to get out of their houses and companies will want to go back into offices. So I think, though we proved we could do it from home, but I don't think people are going to want to do it from home.

And the savings that company will have by not having office spaces I think will-- eventually will balance out. And people will move back into offices. And people-- not only back in offices, but people will travel. The idea that you want to do business face-to-face is not going to go away.

And there'll be a lot of things you need to see and experience and see firsthand. And once we get the vaccine and people are comfortable, I don't think it'll go away immediately, but I think you'll see a much closer-- what we're used to down the road.

BRIAN SOZZI: Jay, I have about 30 seconds left. What are the top three safety protocols you've put in in your hotels?

JAY STEIN: Fortunately, we've been open. And a lot of our hotels, some of them have never closed. And we haven't seen-- we had a couple employees catch COVID over the period of time and immediately sent them home, two weeks out to a positive test before they can come back. And we haven't had anything rampant going through the building, no guests feeling they got COVID while they were at any of our hotels. I haven't read stories like that.

So I think a lot of what we're doing, the extra safety and the extra cleaning, the distances, how many people in elevators, taking temperatures of employees when they come to work, doing health screenings-- I think all those things either have worked or it really wasn't as serious in terms of guests coming to a hotel and getting sick automatically. So I think it's worked out well. People have been going to supermarkets and going to Home Depots and they never shut down.

And I don't think-- the vast majority of people did not catch COVID doing those things, even in the New York area, when it was super bad. So I think where we're figuring things out. And I think people going to realize that hotels are a safe place to be.

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