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W hotel on 49th and Lex selling for 273k per key...

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Date: February 23, 2018 at 7:00:57 AM EST
To: [REDACTED]
Subject: Real Estate Daily Beat 2.23.18
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Story that's Driving the Day

Capstone Equities + Highgate are in contract to acquire the W Hotel New York at 541 Lexington Avenue from Host Hotels & Resorts for \$190 million. The hotel is located between East 49th and 50th streets.

- **Dig Deeper:** The hotel contains 697 rooms so the price works out to \$272,597 per key. At \$598 per square foot, Capstone's Josh Zamir and Daniel Ghadamin did well.
- **Be Smart:** The price is reflective of the sluggish hotel market. With increased supply and less demand (Thanks Airbnb), now is a good time to buy for those bullish on the future of the hospitality industry.
- **How to beat Airbnb:** Lightstone's Mitchell Hochberg explained that hoteliers must focus on how to simplify the choice for consumers. If a millennial is presented with either using Airbnb or a traditional hotel, he will choose the latter if the additional cost is commensurate with the value provided. The job of a hotelier is to make that decision a no brainer! Even Airbnb's most loyal fans will concede that staying at stranger is not ideal. Adapt or die! (REAlert+TRD+CO)

Deal that's Driving the Day

Bistricher Lands Refi

David Bistricher's **Clipper Realty** has secured a 10-year, \$246 million loan to refinance its debt on Flatbush Gardens. Bistricher also secured a 10-year, \$360 million loan to refinance its debt on Tribeca House. The lender in both deals was **New York Community Bank**.

- **Dig Deeper:** The Flatbush Gardens loan has a 3.5 percent annual fixed interest rate, while the Tribeca House loan has a roughly 4.5 percent fixed interest rate. (TRD)

Real Estate Meets Politics

Stop Fighting -- Fix the Subway!

Mayor De Blasio and **Governor Cuomo** love a good fight, but they should be focused on fixing problems, not exacerbating them. Yesterday, they blamed each other for our failing subways.

- **Reminder:** New York's Subway has the worst on-time performance of any major rapid transit system in the world.... Just 65 percent of weekday trains reach their destinations on time. Stop focusing on 2020 presidential aspirations -- fix the subway!
- **Quotable:** Mary Rose from Astoria: "Stop the personal gripe between the both of you. Sit down... resolve it. Let's get it done. We pay you enough, it's time." True words. (CBS)

Real Estate Meets Tech

Fannie Mae now allows borrowers to use rental income earned from **Airbnb** as part of the income qualification to refinance their home loans.

- **How it works:** Borrowers are required to have 12 months of history of Airbnb earnings and the home must be their primary residence. Airbnb provides documentation on the mortgage application. Nice to see that lenders are slowly adapting to the 21st century.
- **Quotable:** Vishal Garg of **Better Mortgage**: "Because of the sharing economy, the way people use their homes has changed ... and now finally the mortgage industry has caught up." (CNBC)

Deal Roundup

1) **Mack-Cali** has acquired 25 Christopher Columbus Drive in Jersey City from **L+M Development Partners** for \$53 million. Upon completion, the project will contain 718 luxury rental units, ground floor retail, a school, and a possible daycare center. It will span approximately 600,000 square feet.

2) Nothing will stop **HubbNYC's** Johnny McCarthy from adding retail assets. He acquired the retail condo at the base of 2021 Broadway for \$39 million.

Financing Roundup

1) Madigan Development has secured a \$73 million construction loan for its development project at 111 Varick Street. The lenders are PGIM Real Estate Finance + TriState Capital Bank + Valley National Bank.

- **Plans:** The project will span 105,696 square feet of residential space (100 units), plus a 1,785 square feet retail component. Great location.

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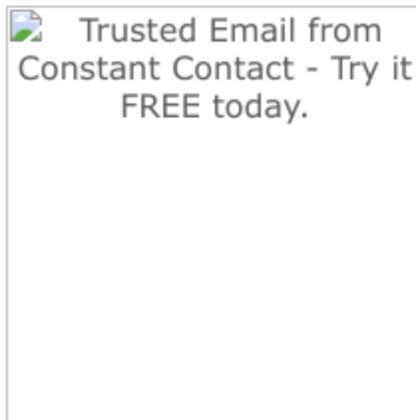
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