



Transforming The Palace

An Interview with David Chase,
General Manager, The New York Palace



Rarities lounge (left); the grand lobby (above)

EDITORS' NOTE David Chase has worked in the hospitality industry for over 25 years, beginning his career at The Ritz-Carlton San Francisco in the catering arm of the hotel. After relocating to the east coast and working in Boston, he settled in New York to open the first W Hotel in New York City. Since then, Chase has held management positions at prestigious hotels such as the St. Regis, The Ritz-Carlton and, most recently, as the General Manager of Trump SoHo.



David Chase

PROPERTY BRIEF The New York Palace (newyorkpalace.com), a luxury midtown hotel on the corner of 50th Street and Madison, completed a \$140-million redesign. The renovation transformed the property's premier rooms and suites in The Towers, a hotel-within-a-hotel. Additional upgrades included new lobbies, specialty suites, and unique bars and cafes including Trouble's Trust, The Lobby Lounge, Tavern on 51, Rarities, and Pomme Palais. In addition to 24,000 square feet of updated event space, The Palace is home to private spaces located in the historic Villard Mansion that feature 19th century interiors and are ideal for lavish weddings, events, and dinners. With 822 rooms and 87 suites, The Palace is known for unparalleled splendor, spectacular views, spacious rooms, and exquisite service. Located across the street from St. Patrick's Cathedral and steps from Rockefeller Center, the hotel's world-renowned courtyard has served as the entranceway to the historic Villard Mansion since 1882. The New York Palace gracefully blends the landmark Villard Mansion with a contemporary 55-story tower.

Would you talk about the strength of The New York Palace property today and have you been happy with what has happened since the renovation?

We have seen significant RevPAR growth year over year since our renovation in the fall of 2013. We're running at about 19 percent growth year over year and we have had success in markets that we had targeted, such as diplomatic. That was a focus pre-renovation and, in 2014, we had the most robust year in that segment in the hotel's history.

We targeted the entertainment segment about two years ago as well, as we went into renovation.

We're now attracting A-list celebrities but also seeing more customers from the production business and other segments of the entertainment industry.

It still, however, comes down to suite sales. When we renovate, our goal is to get people to choose to pay for our suites as a first buy, and we have had significant success with that at The Towers at The Palace.

Does the market fully understand that The Palace is almost like two hotels in one?

As the current owners bought the hotel and we tried to decide what we were going to do with it, we struggled with proof of concept on whether you could differentiate the two experiences.

Our success this year has given us great confidence that you can. I recently sat with a gentleman who used to stay at The Palace but stopped coming here because he felt it had become run-down. His travel agent suggested he try us again and he was incredibly impressed with the renovated product. So The Towers is genuinely winning the five-star customers over.

The 700-room main house business has always been robust but we had a banner year in group business in 2014 with group room nights going up 40 percent.

It took a concerted effort to get more group business, but with a finished product in the main house, that business continues to grow.

Are the rates being sustained at the levels you had hoped?

We're starting to see some rate growth in the market. Luxury is doing better than non-luxury in the geographic set we compare ourselves to.

We have had significant rate growth because of the change in our product. However, it's amazing that we still have such high occupancies throughout the city with all of the extra supply coming in. We ran in the high 80s last year and close to 90 percent this year.

The occupancy is still there, but the supply has definitely constrained rate growth over these past few years.

Many in your industry are dealing with booking lead times that have gotten shorter. Is this affecting you?

Yes, and there are definitely some results that have not been positive. For example, we have noticed that for weekends, there is a proliferation of a million different ways to find a cheap

room online or via different apps. Unfortunately, this had led to last-minute rate decline for weekends in particular. If there are rooms available, the properties are doing what they have to do and dropping rates to get that last bit of inventory sold.

Whether it's a Courtyard in Times Square or a four- or five-star property, everyone needs the rooms sold and nobody is holding rates and making a guest pay for late demand. Rates are going down last minute, which is very scary.

Is your competitive set very broad?

We compare the hotel as a whole to a geographic set of somewhat similar hotels in the immediate area, which is Midtown East.

We also work with Smith Travel Research, where we compare ourselves to what would be a traditional luxury set of the usual suspects: Mandarin, Four Seasons, etc.

Then, for our own purposes, we compare The Towers only to that luxury set, so we can see how it is doing. It has been a success story for us this year.

From a meeting perspective, what range of events are you focusing on?

Three unique rooms in the historic landmark Villard Mansion have recently become available for private events, which was not the case previously.

We are really looking forward to having a few thousand square feet of new-to-market historic space for high-end weddings in the 60- to 80-person range. The entire second and third floors of the south wing of Villard Mansion can be put together so we can do receptions as large as 400 to 500 people.

How has your lounge offering been accepted since the renovation?

We've had great success since the renovation. In our lobby, we opened up Trouble's Trust, which is a cocktail bar under the grand staircase, and our Lobby Lounge – the two spaces operate together. They have been wildly successful, largely because of being located in the middle of the lobby. Today's guest wants to be out in the lobby and to be able to get a beverage throughout the day. Those bars have outperformed our expectations and we could not be happier.

We also have a few more unique bar offerings: Rarities, our high-end, cognac, fine wine, and champagne lounge, is exclusive with very limited seating located in a historic landmark space redesigned with some antique pieces and reproductions to look like the 1882 gentlemen's sitting room of Henry Villard, the original owner of the houses – it's quite a unique spot. ●