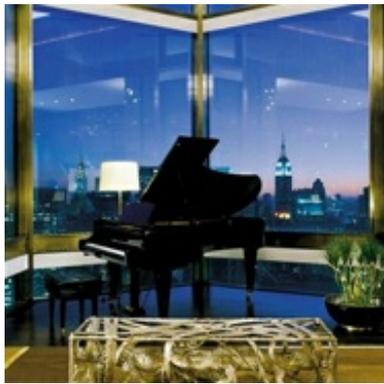


ADVERTISING

Would the Four Seasons prosper without New York?

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By TRICIA CARR

A \$900 million offer is on the table for the owner of Four Seasons Hotels and Resorts' New York property. If the deal was to go through, the hotel needs to quickly reassert its presence in the market, experts say.

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On Nov. 4, an unidentified buyer offered owner Ty Warner \$900 million for the Four Seasons Hotel New York. Since the brand has essentially created a landmark in the market out of its flagship property, the potential transition could be tricky, but experts agree that Four Seasons is sure to bounce back quickly.

"Four Seasons does not like to own hotels, and the apparent sales price per room for this hotel is very high, making it difficult to achieve a reasonable operating profit," said Ron Kurtz, president of [American Affluence Research Center](#), Atlanta.

"I think Four Seasons will make every effort to strike a management deal with the new owners so it can keep its flag in this most important market," he said. "If it cannot do that, it will probably try to find another buyer or investment group that will be amenable to keeping the Four Seasons brand and management.

"I doubt Four Seasons will buy it on its own."

Mr. Kurtz is not affiliated with Four Seasons, but agreed to comment as an industry expert.

Four Seasons declined comment.

Sell or not to sell

Four Seasons can choose to match the offer to keep its 57 East 57th Street address, according to a story in **The Wall Street Journal**.

Mr. Warner – known for the creation of Beanie Baby dolls – purchased the hotel in 1999 for \$275 million.

If sold, this transaction would be one of the highest-priced Manhattan business property sales.

The Wall Street Journal article also states that the “Four Seasons does not own any of the 92 hotels across the globe that bears its name. Rather, the chain manages them for separate owners.”

In addition, there was an offer on the table in 2009 to purchase the hotel. Four Seasons did not match the offer and Mr. Warner chose not to sell.

A subsequent report from **Bloomberg** identified a person affiliated with the government of Brunei as the possible bidder.

The article states, "If a deal is completed, the buyer would terminate the management contract held by Four Seasons Hotels."

Four Seasons is unlikely to purchase the hotel at the \$900 million price tag, per Xavier Lividini, managing partner at **Hospitality Advance International LLC**, Miami.

Luxury brands do not purchase hotels that they manage, but may have a minor equity stake, he said.

New York state of mind

Though a sale of the property could shake up the brand, it is not likely to suffer.

Four Seasons could find an existing luxury hotel to inhabit, or choose an investor and new location for its New York flagship property,

“It would be a loss for both Four Seasons and New York, but I am sure that Four Seasons would return quickly,” Mr. Lividini said. “It is now commonplace for luxury hotels to change brands depending on owners' preference and results, so this type of change would have minimal or no impact on the luxury hotel sector.”

However, New York without a Four Seasons property does not seem like a realistic option, per said D.M. Banks, director of **DMB Public Relations**, New York.

“This is one of those moments that you just cannot foresee happening,” Mr. Banks said. “The Four Seasons at 57th Street is simply a part of New York’s East Side, and to think of it no longer being a Four Seasons is shocking.”

“Four Season simply manages great properties, and to place it in a situation to now have to either purchase a property or lose the management contract is a difficult position to imagine any business facing – much less a \$900 million decision,” he said.

Even though there are additional markets in which Four Seasons can thrive, a New York-based property is essential for a luxury brand hotel, per American Affluence Research Center’s Mr. Kurtz.

“It is a landmark destination for both business and leisure travelers,” Mr. Kurtz said.

“Visibility and presence in this market is very important, though some luxury brands have managed to exist without a New York presence.”

Final Take

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