

# The New York Times

SUNDAY, APRIL 13, 2008

## Sunday Business

### Square Feet

CHECKING IN

## Calibrating a Hotel for the Luxury Market

By FRED A. BERNSTEIN

**W**HEN the Mark Hotel, at 77th Street and Madison Avenue in Manhattan, reopens later this year after an extensive renovation, rooms will start at around \$1,000 a night.

Don't expect to get a discount.

James Sherwin, who recently took the job of general manager, said one of his goals would be to keep prices from slipping, even in slack periods.

"In my day, you had your rate, and if the client couldn't pay it, they didn't come, and that was it," Mr. Sherwin said. Today, hotels are likely to lower prices whenever demand softens. But by doing that, he said, "you kill the building, cook the staff, and potentially take in people who aren't necessarily the caliber that the business is based on."

In short, he said, "I'm a great believer in, if necessary, letting the occupancy drop a bit, but keeping your rates as you wish."

If that sounds optimistic in an economy with soft spots, Mr. Sherwin's employers aren't worried.

"I don't expect a lot of vacancies," said Izak Senbahar, who owns the Mark with Simon Elias, his business partner in the Alexico Group.

Hotels like the Mark, he says, attract as many foreign as American customers. "It's the global economy, not the local economy, that matters," Mr. Senbahar said.

In fact, he added, Manhattan is



PHOTOGRAPHS BY HIROKO MASUIKE FOR THE NEW YORK TIMES

James Sherwin, above, in a model room at the Mark Hotel, at 77th Street and Madison Avenue in Manhattan.

still ripe for luxury hotel development. "Anytime you see an area with 75 percent occupancy, you want to build. And in Manhattan, the occupancy rate has been about 85 percent," he said.

If anything, he says, there's a shortage of luxury hotels in Manhattan, "because it is so hard to build here."

Bjorn Hanson, who tracks the hotel industry for PricewaterhouseCoopers, agreed. He said that about 20 hotels were scheduled to open in Manhattan in 2008.

"They're either very small, or they're not at the price point the Mark will be at," he said.

As a result, he said, "while three years ago might have been even better, it is still a very positive time to open a hotel in Manhattan, especially at the high end."

But just in case demand for hotel rooms declines, Mr. Senbahar and Mr. Elias believe that they have a secret weapon: Mr. Sherwin, who was the executive manager of the Carlyle Hotel, at 76th Street and Madison Avenue, for most of the 1990s.

"Certainly anyone paying the kind of prices we are commanding is going to demand services at the highest level," Mr. Elias said.

"James's forte is how to treat

V.I.P.'s, how to make people's lives easier," Mr. Senbahar said. "People are willing to spend the money, but you've got to make it stress-free for them," he said. "That's basically the game plan."

When he left his job at the Carlyle in 2001 to open a consulting firm, Mr. Sherwin continued to field requests from some of that hotel's longtime customers, who, he said, relied on him to get everything ready for their stay. "If you deal with someone like myself, one call does everything," he said.

Mr. Sherwin, who trained in England, is 56. Wearing Savile Row suits and Turnbull & Asser

dress shirts, he dispenses pearls of wisdom about how hotels should treat their guests.

Employees should never respond to “thank you” with “it’s my pleasure,” Mr. Sherwin said. Guests, he explained, don’t care if “it’s your pleasure.”

“It’s their pleasure that matters,” he added.

He said he would train the hotel’s staff to be cordial, but not overly familiar. “It’s great to remember everyone’s name,” he said. “But there are times when ‘sir’ or ‘madam’ is absolutely fine.”

And he will remind the staff never to ask a guest, “Would you like another drink?” The word “another,” he said, can make a person feel self-conscious about drinking.

The hotel won’t have to manage its own dining room because it has formed a partnership with Sant Ambroeus, an Italian restaurant on Madison Avenue, which will open a branch inside the hotel. (Like the rest of the hotel, the restaurant is being designed by Jacques Grange.)

Mr. Sherwin seemed relieved that he hadn’t taken a job at a hotel where catering is a large part of the business. “Running a full-on food and beverage operation is a lot of work, and it can run off with your profits,” he said.

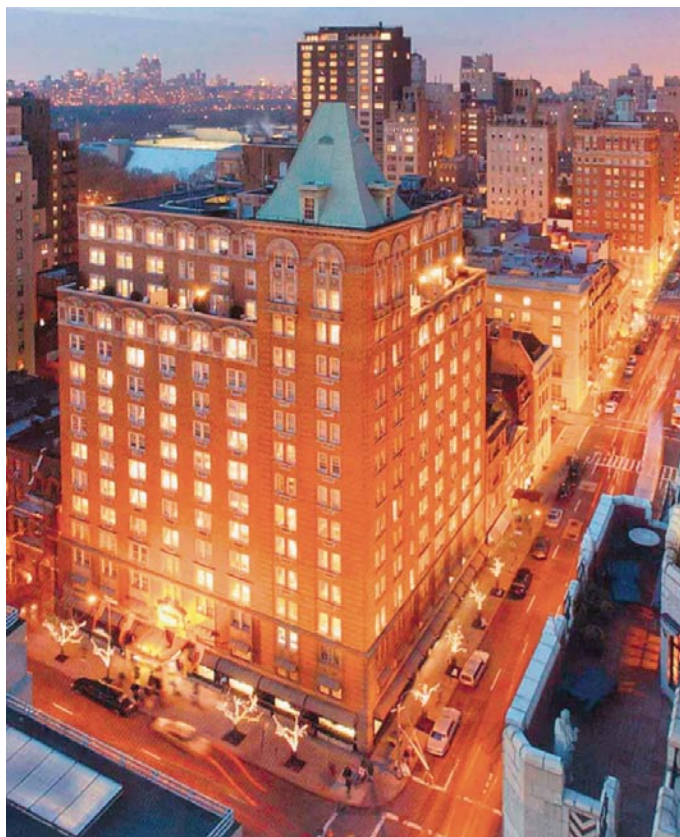
There will be room service, and that’s enough of a responsibility. “People ask why room service is so expensive,” he said. “One reason is that you have to have a full crew on hand so if it starts to rain and suddenly everybody calls, you’re covered.”

In addition to 118 hotel suites, the building contains 42 co-op apartments. Prices range from \$2 million to \$60 million (for a 10,000-square-foot duplex penthouse).

Mr. Senbahar said that the hybrid building was a way of “diversifying the risk.” But he said both the co-ops and the hotel had to make sense as businesses.

“Otherwise,” he said, “we would have done one or the other.”

Hotel guests and co-op owners will share the building’s lobby. The owners will have access to hotel services when they are in town, and hotel employees to provide



The hotel will have 118 hotel suites and 42 co-op apartments. Hotel guests and co-op owners will share the lobby, above. Rooms will start at about \$1,000 a night.

security when they are away. “It’s a very good way for people who don’t want the responsibility of having their own staff,” Mr. Sherwin said.

Co-owners can choose to rent out their suites through the hotel when they’re not in residence. The owner will receive 60 percent of the revenue; the hotel, 40 percent.

Mr. Sherwin said his main re-

sponsibility right now was hiring the hotel’s 180 or so employees, including some whose jobs would have been eliminated at other establishments. “Even though you can run your whole life from your cellphone,” he said, “we’re going to have the proper number of people on the switchboard.”

He says he isn’t raiding the Carlyle for employees — “one wants to behave as immaculately

as one can.” But it’s natural, he said, that some of his former colleagues might be calling him. “Why wouldn’t they think to be part of something new?” he said. “It is America.”

And the Mark is just a block away from the Carlyle. “People like a short move,” he said, “because we’re all creatures of habit.”