

Fashion District Marriott hotels get \$66M in construction loans

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By *Guelda Voien*

Hidrock Realty has secured \$66 million in construction loans for its [two Fashion District hotel projects](#) -- at 960 Sixth Avenue and 25 West 37th Street -- the developer announced earlier this week.

As *The Real Deal* previously reported, Hidrock purchased the note for [960 Sixth Avenue](#), also called the Atlantic Bank building, from Société Générale for \$40 million in October 2009. The company foreclosed on the 35th Street office building, which by then had only one tenant, in August 2010. Previous owner Statuto Group had planned a residential conversion for the site, and Hidrock had considered a mixed-use space including offices, but in the end a hotel was the most lucrative venture, said Hidrock's president, Abraham Hidary.



From left: 25 West 37th Street, rendering of the Courtyard Marriott at 960 Sixth Avenue

The developer now plans a Courtyard Marriott at the address, for which it just closed on \$36 million in construction financing from BBVA Compass. The hotel, across the street from Macy's Herald Square flagship, will boast 167 rooms, a rooftop bar and retail, and should be completed by October 2012. The total cost of the conversion will be around \$30 million, Hidary said.

Nearby, Hidrock is developing 25 West 37th Street, also under the Marriott umbrella, with Florida-based partner Robert Finvarb Partners. Hidrock nabbed a \$30 million construction loan from the Bank of Nova Scotia for the \$54 million project. The 173-room hotel, set to rise between Fifth and Sixth avenues, will be a Springhill Suite and is slated for completion in October 2013. Architect [Gene Kaufman](#) is designing both hotels, Hidary said. Neither bank could be immediately reached for comment.

Hidrock purchased a controlling stake in the 37th Street parcel for \$18 million in the second quarter of 2010, and later decided to develop a hotel there, Hidary said.

Hidrock is very active in the Fashion District submarket, where the company owns and operates a number of office properties. Despite the lending climate, the developer secured great terms on the London Interbank Offered Rate-based loan -- less than 5 percent interest with between 55 and 60 percent leverage, according to Hidary.

"Lenders are looking for quality product in quality locations, and we fit right into that mold," he said.

TAGS: 25 WEST 37TH STREET 960 SIXTH AVENUE ABRAHAM HIDARY COURTYARD MARRIOTT