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## The Lotte New York Palace Makes Splash in Manhattan

**Move over, Waldorf Astoria:** There's a new luxury hotel in Gotham. This past September, South Korea's **Lotte Group** bought the former 909-room New York Palace on Madison Avenue for \$805 million, planting the chain's first flag in the United States, and immediately punched its dance card with the U.S. State Department.

Last month, the hotel, which was carved out of a clutch of vintage 1880s townhouses 35 years ago by developer Harry Helmsley and managed by his wife, Leona, was rebranded the Lotte New York Palace. Its first high-profile political guest was President Obama, who checked in while here to attend the United National General Assembly. Obama's stay was a break with tradition for the State Department, which has always placed diplomats at the 1,415-room Waldorf Astoria, and came just weeks after the hotel held a swanky reception to celebrate its new name. That event -- which was attended by Lotte Hotels & Resorts' chief executive officer, Yong-Dok Song, city officials and hordes of media -- included a surprise appearance by actress Brooke Shields, who stayed at the company's flagship property in Seoul many years ago and became a brand loyalist.



Rebranding party, from left: John Tolbert, managing director, Lotte New York Palace; Fred Dixon, president and CEO, NYC & Company; South Korean Consul General Gheewhan Kim; Lotte Hotels & Resorts' CEO Yong-Dok Song, and actress Brooke Shields

Most American travelers can be forgiven for not knowing the Lotte brand, but that's about to change. The Lotte Group, which is a major player in South Korea, had been eager to expand its reach into the States, so when Northwood Investors, the New York City hotel's previous owners, put the property on the bidding block, Lotte pounced. "This is a great stepping stone for us to get into the U.S. market," said Song through an interpreter during the unveiling ceremony.

The Waldorf Astoria, which was sold earlier this year to the Anbang Insurance Group, a Chinese company, for \$1.95 billion, has gotten the cold shoulder from the U.S. government over espionage concerns. Even though Hilton Worldwide has a contract to run the hotel for another 100 years, the property is slated to undergo a renovation that has led government officials to voice concerns that the Chinese might set up a bugging system.

Chinese investment in the U.S. and European hotel markets has been heating up. This past summer, a Chinese company, the [Wanda Hotel Group](#), announced it would build a \$900 million complex in Madrid, Spain, which would include a 240-room luxury hotel, residences and retail space. That project is slated to open in 2018. And, in February of this year, another Chinese firm, the Sunshine Insurance Group, signed a deal to buy the 114-room Baccarat Hotel on West 53rd Street in Manhattan from Starwood Hotels & Resorts Worldwide for more than \$230 million.

The Lotte New York Palace, which wrapped up a multimillion-dollar renovation in late 2013, features 30,000 square feet of meeting and event space. At the rebranding reception, Song noted that the company was looking at other possible cities to expand into, including Chicago, Los Angeles and Miami. "It's not just about this one hotel. It's about the brand," he said.