

Hilton Hotel to Reopen After Sale, Accelerating Times Square Comeback

New owners are banking on district's revival as tourists return to New York



The Hilton Times Square is a high-profile victim of New York City's tourism collapse.

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A 478-room hotel near the heart of New York City's Times Square is poised to reopen under new ownership after closing two years ago, the latest sign that investors are betting on the neighborhood's comeback.

The investment firm Apollo Global Management Inc. and hospitality investor Newbond Holdings have agreed to buy the Hilton Times Square for about \$85 million, according to people familiar with the matter. The deal is expected to close toward the end of the summer, and the new owners plan to reopen the property in the fall, these people said.

The recent sales agreement represents a significant discount to the hotel's 2006 sale price of \$242.5 million. This year's price reflects both the hard times New York's entertainment district has suffered during the pandemic and some issues with this property.

The hotel was shut down in April 2020 and hasn't reopened since, making it one of the more high-profile victims of the collapse in New York City tourism. Previous owner Sunstone Hotel Investors Inc. defaulted on a loan for the hotel and handed the property over to the lender, Torchlight Investors, in late 2020.

Forty-four New York City hotels with more than 10,500 rooms closed permanently because of the pandemic, the most of any U.S. city, according to hotel-data tracker STR. The slow rebound in business travel and international visitors has weighed on the city's hospitality sector.

But recently, there have been signs of life stirring in Times Square. Investors and developers are banking even more on tourism and entertainment venues while the district's offices remain mostly empty during the day. Attendance at Broadway shows is closing in on prepandemic levels and some hotels are filling up again.

A Hard Rock International-branded hotel opened on West 48th Street in April, and last year a Jimmy Buffett-themed Margaritaville resort hotel opened in Times Square with an outdoor swimming pool. Real-estate investors are also swooping in, if the price is right. Hotel owner and operator MCR and Island Capital Group LLC recently paid \$373 million for the Sheraton New York Times Square hotel, which was about half the price the property sold for in 2006.

Hotel owners have been encouraged by recent forecasts that the city's tourism is in a strong recovery mode. NYC & Co., a tourism and marketing organization for the city, projects that visitors to the Big Apple will rise to more than 56 million in 2022, up from about 22 million in 2020, according to its website. The group sees that figure reaching 65 million next year as more international visitors return, bringing the total within striking distance of 2019 levels.

The Hilton Times Square sits on a ground lease that is being renewed and extended under the new owners, say people familiar with the matter. Apollo and Newbond, a firm co-founded by hotel veteran Neil Luthra, also plan to invest in improvements to the rooms and the lobby.

The hotel on 42nd Street is known for its unobstructed views of the city. Its lobby is located on the 15th floor and rooms go as high as the 44th floor.

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