# Hotel Azure asking price cut to $23.8 million

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Hotel Azure, 120 Lafayette

**By Roland Li**

Hotel Azure, an 11,047 s/f hotel with 1,460 s/f of retail, is on the market for $23.8 million. The Chinatown property, at 120 Lafayette Street, was originally listed for $29 million in October. It has a 7% capitalization rate.

The listing brokers are Wei Min Tan, an executive vice president of Castle Avenue Partners at Rutenberg Realty, and his partner, Susan Chan.

The building's retail income makes up around 40% of the property's revenue, with asking rents around $750 per s/f, said Tan. It has 10 retail spaces that are fully leased with one-year terms to small tenants, including souvenir and handbag shops. If a larger, credit-worthy tenant was chosen to replace them, the rent would be slightly lower, said Tan.

The asking price was decreased to reflect the lesser rent that a larger tenant would pay, said Tan.

The 28-room hotel portion has an average rate of $210 per night, and ranging from $180 to $400 depending on season.

"Hotels are doing well because of several factors," said Tan. "There has always been very limited supply, especially in Manhattan."

In addition, tourism has fueled activity – European tourists make up the bulk of Hotel Azure's business. And despite its proximity to other hotels, including a Holiday Inn at 138 Lafayette

Street and Mondrian Soho at 9 Crosby Street, Hotel Azure has an average of 90% occupancy. Tan credits its location, on the corner of Canal Street and adjacent to a subway station, as a major selling point. There are no comparable buildings in the area that on the market, he said.

The long-time owner of 120 Lafayette, Tai Fook Corporation, is selling to redeploy capital for other investments.

The building has received around 100 inquiries since being on the market, including prospective buyers from the Middle East and California. Three offers were submitted, but none closed. Tan expects the building to sell within six months.

Chinatown has seen some new development, but inventory for sale remains scarce. In some cases, ownership of buildings is split, or uncertain. New construction has stalled because of lack of credit, although there are plots that are not built to maximum zoning. A contentious rezoning plan is being debated by various stakeholders, along with other changes to the community.