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THE WALL STREET JOURNAL.

Inside a Chinese Developer's Nearly \$3 Billion Bet on the Storied Waldorf Astoria

Frank Sinatra once paid \$1 million a year for a suite at the hotel. Now its new owner is banking on the hotel's glamorous past to sell luxury condos.

By Katherine Clarke

Impressions: 53,000,000



NOE & ASSOCIATES/THE BOUNDARY (RENDERING)

When the 47-story Waldorf Astoria hotel opened on New York's Park Avenue in 1931, it was the tallest hotel in the world. With a radio in every one of its 2,200 suites, in-room dining and "manufactured weather" (the term then for air-conditioning), it was also the most luxurious of its time. Its opening was such an event that on Sept. 30 of that year, President Herbert Hoover delivered a radio address to mark the occasion, congratulating the builders and forecasting a new era of growth and prosperity for the country.

The highs and lows of the Waldorf have since mirrored the country's economic booms and busts, as well as New York City's dramatic history. Almost immediately following its

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launch, the hotel had to endure the Great Depression. At one point in 1932, it had 1,600 people on its payroll but just 260 registered guests. It later recovered with aplomb, going on to host presidents, foreign dignitaries and Hollywood stars.



A model unit for the new residences. PHOTO: NOE & ASSOCIATES/THE BOUNDARY

Now, the new owner, China-based Anbang Insurance Group, is betting on the hotel's storied history to sell condominiums at the Waldorf, which has been closed since 2017. It will reopen after a \$1 billion renovation with 375 large hotel rooms and 375 residences for sale in the towers above them. Sales are slated to launch in the first quarter of 2020.

The timing poses some challenges. The New York City real-estate market is struggling with an oversupply of luxury high-rise condominiums; a new mansion tax is aimed at wealthy buyers and there are recession jitters. In the first three quarters of 2019, there were 35% fewer contracts signed in new-development units priced at \$4 million or more, compared with the same period last year.

The stakes are especially high for Anbang, which paid \$1.95 billion for the hotel in 2015, then a record sum for a U.S. hotel.

Andrew Miller, chief executive of Anbang International U.S., said the company hopes to navigate the Manhattan market with a mix of units. The Waldorf will have its share of trophy apartments, including two so-called pinnacle penthouses expected to be priced in the tens of millions. But it will also offer smaller units that will make the Waldorf accessible to a different kind of buyer.

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Three-quarters of the units will be two bedrooms or smaller. Studios will start at about \$1.7 million, said senior sales director Dan Tubb. That is about \$2,500 to \$3,000 a square foot.

"We offer a range of entry points that will invite folks who have previously been locked out of the top end of the New York market," Mr. Miller said.

Industry insiders say Anbang's strategy speaks to the Waldorf's anticipated appeal to foreign pied-à-terre buyers. Those efforts, however, may be hindered by the U.S. and China trade dispute, which has some Chinese buyers sitting on the sidelines.



Waldorf Astoria hotel staffers in front of the famous lobby clock, in 2017. The clock, commissioned by Queen Victoria for the 1893 World's Fair in Chicago, will be restored and re-installed when the hotel opens. PHOTO: ASSOCIATED PRESS

Things changed dramatically a couple of years ago and we're not seeing foreign buyers coming over in droves like we used to," said new-development marketing executive Andrew Gerringer, who isn't involved in the project.

Anbang has effectively been operated by Chinese regulators since 2018, when they stepped in to stabilize the company following the detention of the company's former chairman for suspected financial improprieties. Anbang is now shopping shares in Dajia Insurance Group, the subsidiary established to manage assets, including the Waldorf, to private investors, though Mr. Miller said that wouldn't affect the conversion.

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"The goal is and always has been to return Anbang, now Dajia, to the private sector through shareholder investment, he said. "Waldorf Astoria New York, one of Dajia's core assets, will remain a central focus for the company as we continue the restoration of this global icon."

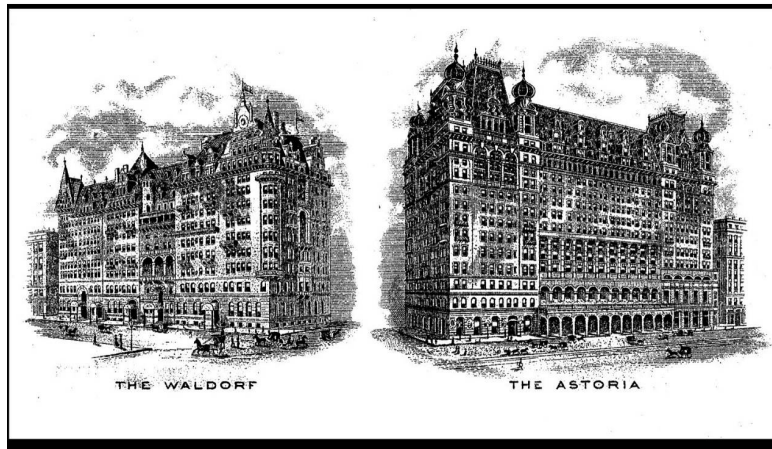
The History of the Waldorf Astoria
Highlights from the hotel's past



The Original Waldorf Hotel Opens

William Waldorf Astor, son of New York City financier John Jacob Astor III, was one of the developers of the Waldorf-Astoria Hotel on Fifth Avenue. His original hotel, the Waldorf, debuted in 1893. It later merged with the Astoria Hotel next door, which was built by his cousin, John Jacob Astor IV. PHOTO: NEW YORK PUBLIC LIBRARY

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The Rival Astoria Hotel

The two hotels merged in 1897 and were managed as a single entity. A hallway connected the two buildings and was designed to be easily walled off in the event of a dispute between the cousins. The corridor became known as Peacock Alley and was a popular place to see and be seen. PHOTO: PUBLIC DOMAIN



Winston Churchill Visits

Lt. Winston Churchill was among the hotel's prominent early visitors. In December 1900, he gave a lecture in the hotel's grand ballroom. He was introduced by Mark Twain. PHOTO: GAMMA-KEYSTONE/GETTY IMAGES

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John Jacob Astor IV Dies

John Jacob Astor IV died in the sinking of the Titanic. He was widely thought to have been the ship's richest passenger. PHOTO: NEW YORK PUBLIC LIBRARY



The Original Waldorf-Astoria Closes

The original Waldorf-Astoria closed in 1929. It was sold to developers and slated to be demolished. PHOTO: FPG/GETTY IMAGES

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The Empire State Building Opens on the Site

The Empire State Building opened in 1931 on the former site of the Waldorf-Astoria. PHOTO: BETTMANN ARCHIVE/GETTY IMAGES



The New Waldorf Astoria Opens

The new Waldorf Astoria was completed on Park Avenue in 1931. The last stone, marking the completion of the exterior masonry, was laid by executives including Lucius Boomer (at center), president of the new Waldorf. PHOTO: CORBIS HISTORICAL/GETTY IMAGES

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Amelia Earhart Honored

Amelia Earhart attended a dinner in her honor at the hotel in 1931, following her solo voyage across the Atlantic. PHOTO: CORBIS HISTORICAL/GETTY IMAGES



Cole Porter Lived Here

Composer Cole Porter lived in the suites at the Waldorf for three decades. He is pictured here with Elsa Maxwell, a gossip columnist and Waldorf resident known for throwing lavish parties. PHOTO: BETTMAN/GETTY IMAGES

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Conrad Hilton Acquires the Hotel

Conrad Hilton acquired the Waldorf Astoria in 1949. He is said to have kept a photo of the hotel under the glass on his desk with the phrase "The Greatest of Them All" written on it. PHOTO: THE LIFE PICTURE COLLECTION/GETTY IMAGES



Grace Kelly and Prince Rainier Make Public Appearance

Grace Kelly and Prince Rainier III of Monaco held their engagement party at the Waldorf Astoria in 1956. PHOTO: ASSOCIATED PRESS

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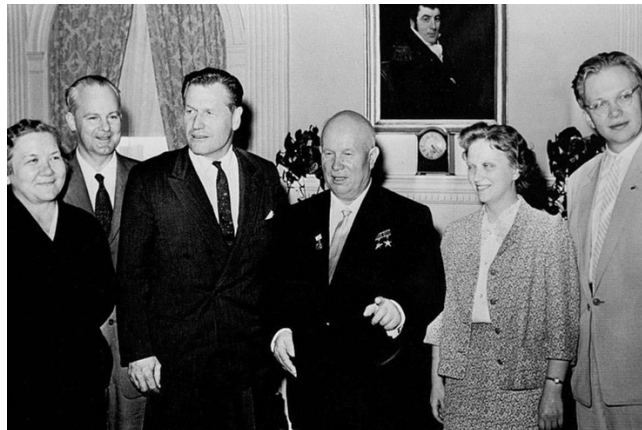
Jacqueline & John F. Kennedy attend the April in Paris ball

Jacqueline and John F. Kennedy are pictured attending an April in Paris themed ball at the hotel in 1957. PHOTO: BETTMANN ARCHIVE/GETTY IMAGES



Marilyn Monroe and Arthur Miller at the Ball

Marilyn Monroe and her husband, Arthur Miller, attended the same ball. Ms. Monroe was once a resident of the Waldorf Astoria suites. PHOTO: EVERETT COLLECTION



Nikita Khrushchev Checks In

Nikita Khrushchev visited the Waldorf Astoria in 1959. At one point during his visit, his elevator famously stalled due to a power overload and he had to climb to safety. PHOTO: PUBLIC DOMAIN

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Liza Minnelli Opens a Show

Liza Minnelli was among the famous faces to have performed in the hotel's Empire Room. PHOTO: MICHAEL OCHS ARCHIVES/GETTY IMAGES



Declared a Landmark

The Waldorf Astoria's exterior facade was declared a landmark in 1993. Some of the interiors have also been name landmarks since. PHOTO: GETTY IMAGES



A Presidential Roast

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President Barack Obama and Mitt Romney attended a charity dinner at the hotel in 2012. PHOTO: ASSOCIATED PRESS



Anbang Acquires the Building

Anbang acquired the hotel for \$1.95 billion in 2015, then a record for a U.S. hotel. PHOTO: AGENCE FRANCE PRESSE/GETTY IMAGES



Hotel Closes for Renovations

The Waldorf Astoria closed for renovations in 2017. PHOTO: EPICS/GETTY IMAGES



Before the Closure

The building is being converted into 375 hotel rooms and 375 condos. Sales of the condos are slated to launch in early 2020.

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The developers are hoping the project's rich history outweighs any concerns. The Waldorf never had a formal for-sale component, but many of its tower suites were intended for long-term residency. Composer Cole Porter, for example, had a six-bedroom suite at the hotel for decades, writing songs like "Anything Goes" and "I've Got You Under My Skin" on a Steinway piano given to him by the hotel. The piano will be on display in the lobby when the hotel opens.

Mr. Porter "put his own unique stamp on his suite, importing antique parquet floors from a French château for one room, the costliest oriental rugs for two others. His library, designed by Billy Baldwin in 1955, featured tortoiseshell leather walls and brass tube bookshelves," according to "The Waldorf Astoria: America's Gilded Dream," a book by Ward Morehouse III. Later, Frank Sinatra paid \$1 million a year to keep that same suite at the Waldorf.

"The Towers is really a kind of vertical Beverly Hills," Mr. Morehouse wrote. "On any given night you might find Dinah Shore, Gregory Peck, Frank Sinatra, Zsa Zsa Gabor."



Frank Sinatra with Ronald and Nancy Reagan at a Republican fundraising dinner in the hotel in October 1980. PHOTO: BETTMANN ARCHIVE

Every president since Mr. Hoover stayed at the suites until President Barack, who stayed elsewhere in 2015 after the Chinese takeover. Mr. Hoover lived there for more than 30 years after he left office. President Franklin D. Roosevelt used to arrive at the hotel via private railroad car at a secret platform under the hotel, located near Grand Central Terminal.

A Look at the Original Waldorf-Astoria

The hotel was a combination of two grand hotels located on Fifth Avenue

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The original Waldorf-Astoria Hotel on Fifth Avenue. LIBRARY OF CONGRESS



The 33rd Street entrance to the original hotel. A horse-drawn carriage sits in front. LIBRARY OF CONGRESS



The lobby of the original Waldorf-Astoria. CORBIS/VCG/GETTY IMAGES

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Peacock Alley, the corridor that linked the original Waldorf with the original Astoria hotels. It became a popular place to see and be seen. GETTY IMAGES



A billiards room in the original Waldorf-Astoria. LIBRARY OF CONGRESS

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A salon in the original Waldorf, known as the Marie Antoinette Room. LIBRARY OF CONGRESS



Children play on the roof of the Fifth Avenue hotel. LIBRARY OF CONGRESS

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The original Waldorf-Astoria, which has since been razed and replaced with the Empire State Building.
LIBRARY OF CONGRESS

Susan de Franca, of Douglas Elliman Development Marketing, the company leading sales at the project, said she hopes that legacy will translate into sales. "In times of uncertainty, people gravitate toward something that feels certain and constant," she said.

The Waldorf's developers are looking to return the building to its original glamour. Some of its most iconic spaces will be re-created using original plans. The grand ballroom will return minus the chandelier added during renovations in the 1980s. It will be replaced by a series of cove lights.

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Developer Andrew Miller, left, and senior sales director Dan Tubb, at the new sales office of the Waldorf Astoria in Manhattan, which will put new residential spaces on the market. PHOTO: BRYAN DERBALLA FOR THE WALL STREET JOURNAL

The Waldorf Astoria clock, long a focal point of the lobby, was sent to a restorer in New York's Hudson Valley. The clock, commissioned by Queen Victoria for the 1893 World's Fair in Chicago, features four faces showing the time in New York, Madrid, Tokyo and Constantinople, beneath a miniature Statue of Liberty.

And the Spirit of Achievement, the iconic sculpture of a winged woman that sat above the hotel's main entrance since its opening, will be returned to its perch.

The apartments and residential common areas will be designed by Jean-Louis Deniot, a Paris-based architect and designer who primarily works on private homes. A model apartment in the Park Avenue sales office gives a sense of Mr. Denoit's style, with custom Art Deco-inspired cabinets and vanities, marble inlaid floors, and recessed lighting. The residential lobby will have soaring columns, marble floors, a circular seating cove and a mirrored ceiling.

French designer Pierre-Yves Rochon is spearheading the design of the hotel interiors.



A rendering of the residential lobby. PHOTO: NOE & ASSOCIATES/THE BOUNDARY (RENDERING)

Residents will use two private entrances to the building, including one with a private porte cochère, and separate elevators. A concealed concierge closet that locks from two sides will be installed in every apartment so staff can drop off packages unseen.

In addition to the hotel's amenities, residents will have access to more than 50,000 square feet of private amenity space, including an 82-foot lap pool, fitness and spa facilities. Simon de Pury, the Swiss art auctioneer, has been tapped to commission artists to create custom works for the residential common areas.

The Original Waldorf

The Waldorf Astoria's current location wasn't its first. It was originally at West 34th Street and Fifth Avenue, where the Empire State Building now stands. It was a combination of the Waldorf and the Astoria, two separate hotels built by quarreling cousins William Waldorf Astor and John Jacob Astor IV.

Originally, the two vied to outdo each other with ever-grander hotels, but they later decided to combine, with the stipulation the buildings could be sealed off and separated in the event of an argument.

They mandated the name Waldorf-Astoria be hyphenated to "underscore the tenuous nature of their union," according to the book "Waldorf Astoria" by William Alan Morrison. It dropped the hyphen after its 1931 relocation.

When the original building was demolished in 1929, the hotel's manager, Lucius M. Boomer, retained the rights to the name and was instrumental in building the new hotel on Park Avenue, where the city's wealthy were migrating.

Today, the current location is surrounded primarily by office towers.

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<https://www.wsj.com/articles/inside-a-chinese-developers-nearly-3-billion-bet-on-the-storied-waldorf-astoria-11573667699>