

Developers of Palace Theatre redevelopment seeking \$1B-plus in financing

\$2.4B project to feature 110K sf of new retail and overhauled hotel and theater

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From left: Renderings of 1568 Broadway, Robert Lapidus and and Michael Tepedino

UPDATED, Jan. 13, 1:45 p.m.: Maefield Development, Fortress Investment Group and L&L Holding Company are looking for a \$1.3 billion construction loan for their redevelopment of the Palace Theatre in Times Square, The Real Deal has learned.

The developers have hired HFF to find an investment partner and construction lender for a funding boost to their project at 1568 Broadway, dubbed TSX Broadway, L&L confirmed Friday. They're also looking for an investment partner to contribute \$500 million toward the project's \$1.1 billion worth of equity.

The \$2.4 billion project would result in the elevation of the historic Broadway theater, the expansion of the hotel, and the creation of new retail and LED signage on the façade of 1568 Broadway.

"We're going to have the only operating stage overlooking Times Square, as well as the best signage possible," said Robert Lapidus, president of L&L. "This project is really about 21st century brands trying to connect with customers."

An HFF team led by Michael Tepedino and Michael Gigliotti is handling the financing. The brokers declined to comment, and neither Maefield nor Fortress could be reached.

Plans call for the expansion into a 47-story, 550,000-square-foot property with 663 hotel rooms, 110,000 square feet of retail, and a 17,000-square-foot sign. The firms plan to begin construction by late summer and complete the project by the end of 2021, Lapidus said.

The building, located at the corner of West 47th Street, currently houses a 468-room DoubleTree Suites by Hilton Hotel along with the theater.

The undertaking has been in the works for some time. Landmarks Preservation Commission approved the overhaul of the Palace Theater in 2015.

L&L Holding joined as an equity partner and co-developer in July, when the firms paid \$200 million for the remaining interest in the hotel portion. Maefield had acquired a leasehold stake in the property for \$540 million in 2015.

Developers Steve Witkoff and Michael Ashner's new investment fund recently bought a piece of a \$75 million mezzanine loan tied to the project, of which JPMorgan is the lead lender. Maefield and its partners are also seeking EB-5 funding for the project.

Correction: A previous version of this story misidentified the components of the financing package sought for the redevelopment of 1568 Broadway.