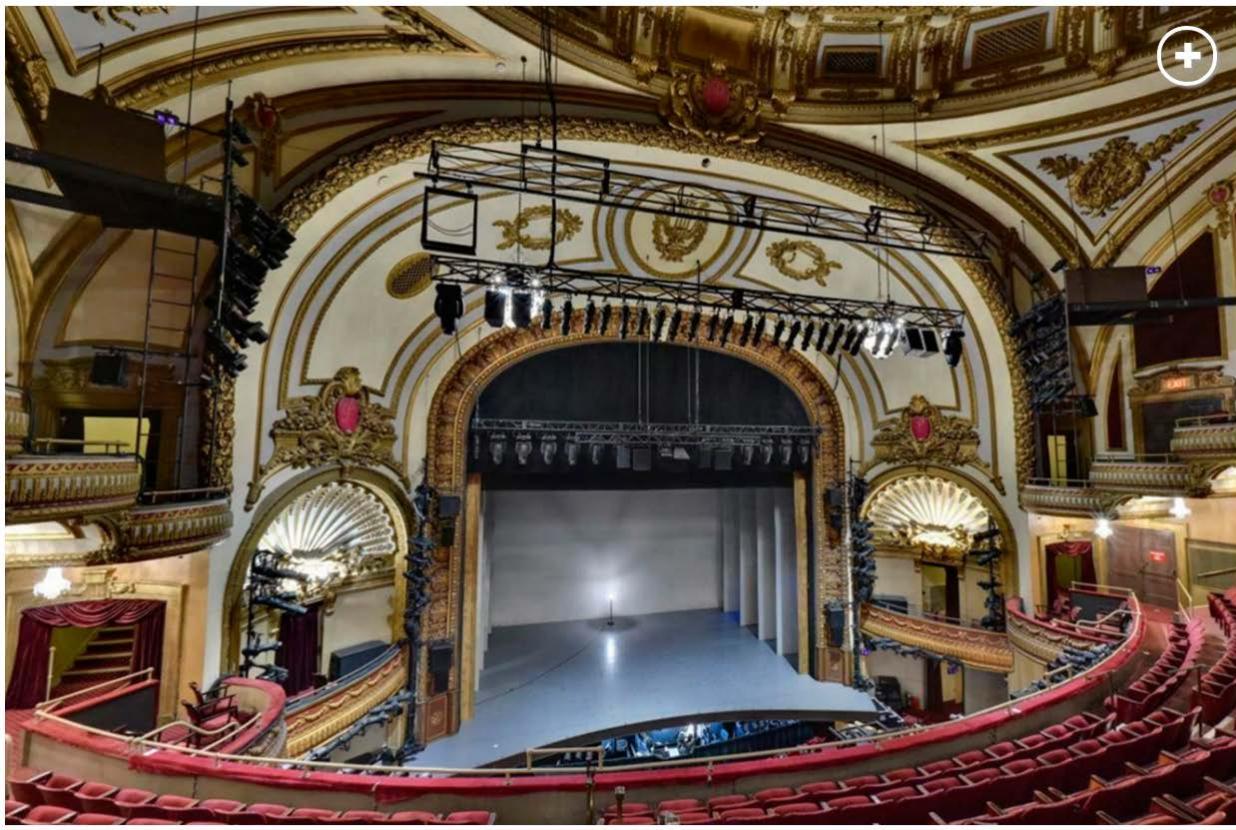


Developers just discovered a billion dollars of hidden NYC real estate...

By Michael Riedel

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Interior of the Palace Theatre which is set for massive renovations.

Photo: LaserPlans USA

For years, Broadway theater owners have been selling air rights above their rather squat, landmarked stages to developers.

Developers use those air rights to add extra floors to skyscrapers. But now the Nederlander Organization, which owns nine Broadway theaters, has unlocked something new: basement rights!

The Nederlanders are going to raise the fabled Palace Theatre 29 feet to create space underneath it for retail. Actually, they prefer the word “elevate” because they don’t want any confusion between “raise” and “raze.” The Palace will be delicately lifted intact before undergoing a multimillion dollar restoration.

It will be, the Nederlanders say, more splendid than ever — if a little taller.

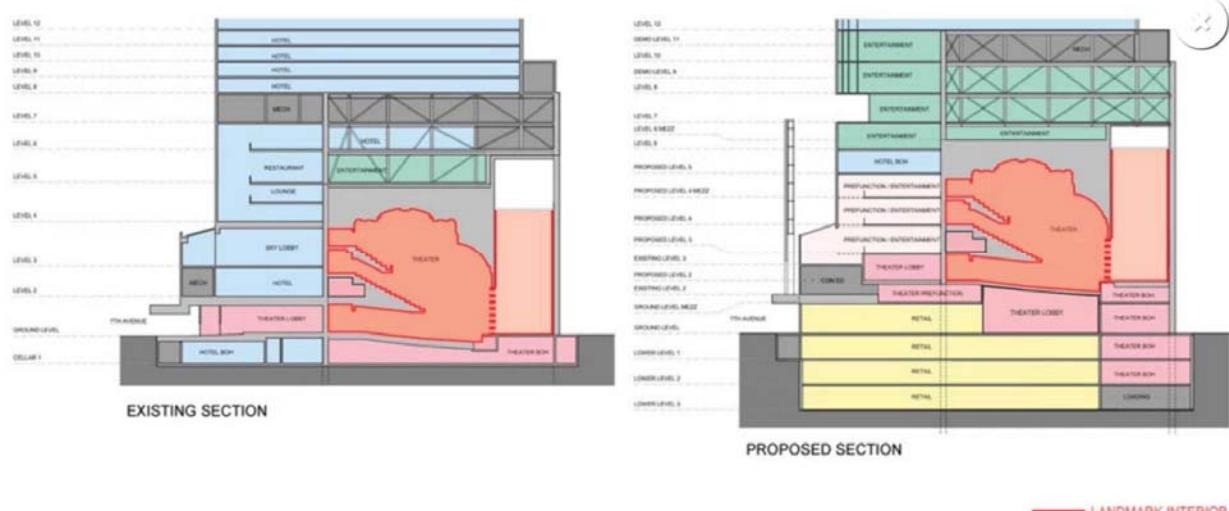
They can do this because the Palace Theatre, built in 1913, is in essence a shoebox encased in what is now the DoubleTree Suites hotel at the corner of Seventh Avenue and West 47th Street. The theater’s facade was effaced long ago. Only its glorious, landmarked interior exists.

The \$2 billion project, which was recently approved by the New York City Landmarks Preservation Commission, is a joint venture between the Nederlanders and Maefield Development, which is about to purchase the hotel.



Maefield was the first to recognize the gold mine underneath the Palace. Ground-floor retail space in Times Square commands \$350 a square foot, brokers say, with basement retail space commanding \$150. Raising — sorry, “elevating” — the Palace will unlock 10,000 square feet of space over four levels (three in the basement, one on the ground floor) that could be let to, say, the Olive Garden.

Real estate experts say that, over time, the leases will be worth hundreds of millions of dollars, maybe even billions.



The proposed renovations to the Palace Theatre – Photo: LaserPlans USA

When Maefield first broached the idea with the Nederlanders a couple years ago, the company went “What?” says Nederlander executive vice president Nick Scandalios. “But then they explained the engineering to us, and we realized it can be done, and safely.”

Here’s how: The Palace, which Maefield partner Paul Boardman calls a “Fabergé egg,” is already encased in three layers of brick, sort of its own strongbox. And there is already some space — dead space — between its roof and a floor of hotel. There is also space between its walls and the walls of the hotel. Think of the Palace as sort of a giant elevator in the middle of the DoubleTree. Maefield will put the theater on 16 jacks and then lift it one inch at a time. Eventually, the jacks will be replaced by 16 permanent columns.



Photo: Angel Chevrestt

What if it falls? There goes a hundred years of vaudeville history!

“It can’t fall,” says Boardman. “If a jack fails, the others are designed to carry the load.”

The theater will be outfitted with sensors, vibration monitors and GPS systems, all designed to make sure nothing cracks during the elevation. There will be inspections of the interior after every inch of lift.

The project will take at least 30 months, and won’t begin until the theater’s current tenant, “An American in Paris,” closes. That show is a hit that looks like it’ll run another two or three years.

So, can you go for a ride in the theater while it's being elevated? "You won't be able to feel it," says Boardman. "That's how imperceptible the movement is."

The technology has been used before. In 1998, the Empire Theatre on West 42nd Street was lifted and moved several feet down the block. The movement was so slow, the pigeons nesting in the roof didn't even flutter.

As part of the plan, the Palace will get a new facade — and marquee — along West 47th Street, where theatergoers will be greeted by a splendid new lobby before taking an escalator up to the auditorium.

The Palace project is not without controversy, with some die-hard preservationists fretting that it puts a great theater at risk for the sake of greed. Others worry that, to unlock all that valuable retail space, every Broadway theater will eventually be lifted to the heavens.

One Broadway insider outlines a doomsday scenario: "Why not move all the Broadway theaters over to the Hudson Yards some day, and have nothing but Applebee's and chain stores in Times Square?" he says. "That's the slippery slope we're on."

But Scandalios says the Palace, because it "floats" in the DoubleTree, is unique. The other Broadway theaters are boxed in to their locations, he points out, adding that Broadway and its theaters will forever be part of Times Square.

"Remember," he says, "everyone is here because we're here. It's not the reverse."



The stage door to the Palace Theatre.

Photo: Angel Chevrestt

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