



MONDAY, MARCH 3, 2008

Region

SECTION C

Height of luxury



An architectural design shows the proposed 50-story condominium and boutique hotel that Philadelphia developer DiGeorge Atlantic Properties plans to build on the Atlantic City Boardwalk. The hotel has been tentatively named 'Prasada,' an ancient Sanskrit word that means generosity or grace.

DiGeorge Atlantic Properties LLC illustration

Phila. developer plans lavish \$300M. A.C. hotel

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ATLANTIC CITY — Critics scoffed when chic retailers such as Gucci, Tiffany and Louis Vuitton brought Rodeo Drive cachet to a Boardwalk crowded with kitschy souvenir shops.

Two years later, the high-end stores are thriving in an upscale oceanfront mall, The Pier at Caesars, which has proved Atlantic City's shopping scene isn't limited to T-shirts and 99-cent trinkets.

Christopher DiGeorge looks at the Boardwalk and thinks it's time for another surge of luxury every bit as radical as the retail revolution. His Philadelphia-based development company, DiGeorge Atlantic Properties LLC, is planning a \$300 million ultra-luxe condominium and boutique hotel that would soar 50 stories high.

While the casinos feature posh high-roller accommodations, the Boardwalk's noncasino hotels are often no-frills lodging — hardly the type that will win five-star ratings from the Mobil Travel Guide. Atlantic City has not had a brand new major noncasino hotel since the Sheraton opened in 1997 as the Convention Center's headquarters hotel.

Though in more modern form, DiGeorge's project recalls a time when grand hotels such as the Marlborough-Blenheim, Shelburne and Traymore lined the Boardwalk. The posh old hotels disappeared decades ago to make room for a new generation of casinos that transformed the resort



A sprawling atrium with a pool and surrounded by gourmet restaurants and nightclubs would be the aesthetic centerpiece of the hotel, scheduled to open in 2010 or 2011.

town into a gambling mecca.

Now another transformation has started. Premium retailers, gourmet restaurants and glitzy nightclubs are opening up to complement the casino action as Atlantic City tries to emulate Las Vegas as an everything-for-everybody overnight tourist destination. DiGeorge believes deluxe noncasino hotels are next.

"We think Atlantic City is the most under-hoteled city in the country," he said. "We think it needs tens of thousands of rooms and that the greatest demand will be for the high-end luxury market. We think there is great pent-up demand for noncasino rooms."

DiGeorge described his hotel as

a "destination" all by itself, rivaling anything in Miami's trendy South Beach section. Rising 560 feet high, the complex would feature 200 hotel rooms, 204 exclusive private residences, restaurants operated by celebrity chefs, nightclubs, a lavish pool and spa.

"We think a nongaming building like this one will appeal to an entirely new, very high-end market segment while simultaneously helping to revitalize an entire section of the city that could really use a shot in the arm," DiGeorge said.

Farther south on the Boardwalk, a new luxury noncasino hotel called the Chelsea is

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Luxury

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being created by refurbishing the old Holiday Inn and Howard Johnson properties and combining them into one complex. An investment group led by Cape May hotel owner Curtis Bashaw is developing the 330-room Chelsea and plans a grand opening this summer, next door to the Tropicana Casino and Resort.

DiGeorge's hotel has tentatively been named "Prasada," a word from the ancient Sanskrit language that means generosity or grace. DiGeorge noted that Prasada likely will be dropped in favor of the name of the luxury hotel brand that would operate the property. A search is on for the hotel company. Meanwhile, DiGeorge said he is in discussions with some of the hottest restaurants and nightclubs in New York and Los Angeles, including the Philippe Restaurant Group and the Pink Elephant.

Construction of the hotel is expected to begin late this year or in early 2009, with a grand opening in 2010 or 2011. It is proposed on Boardwalk frontage between Kentucky and New York avenues, in a part of the city long known as a "dead zone" because it lacks a nearby

casino. The closest casino was the Sands Casino Hotel, which was imploded in October to make room for a proposed \$1.5 billion megaresort by Pinnacle Entertainment Inc.

In a stunning announcement, Pinnacle disclosed last week that it may not build the casino unless the troubled credit markets calm down to make it easier to finance the project. The company intends to wait until the second half of 2009 before starting construction, assuming the casino is built at all.

DiGeorge hopes that Pinnacle's casino and his hotel would complement each other. Even if Pinnacle scraps its project, he predicts another developer would scoop up the site to build a new casino.

"There is no doubt in my mind that you have strong players who would be willing to step up to the plate to buy the Pinnacle site and build additional projects along the Boardwalk," he said.

DiGeorge cited housing statistics that give him even more confidence in Atlantic City. Of the country's 150 largest residential housing markets tracked by the National Association of Realtors, the Atlantic City area was ranked No. 1 in the fourth quarter of 2006, with a nearly 26 percent price increase in homes.

Despite the mortgage meltdown in 2007, the median sales price of existing single-family homes in Atlantic County increased by 10.7 percent in the fourth quarter, compared with a 5.8 percent decline nationwide.

"That means there is a lot more going on here than just some new casinos," DiGeorge said. "That is just part of the bigger picture."

Overshadowing DiGeorge's confidence in Atlantic City's future is his fear that Boardwalk redevelopment will be sidetracked by tentative plans to turn Bader Field into a casino site. The 140-acre former airport is at the foot of the Route 40 entryway, on the outskirts of the Boardwalk casino district.

City and state officials are debating plans to sell Bader and redevelop it into a multi-casino site. DiGeorge argued that the city should concentrate on the Boardwalk first.

"The last thing you want to do right now is to dilute the momentum on the Boardwalk by selling Bader Field," he said. "It is inadvertently creating a distraction and inadvertently diverting attention away from the Boardwalk. It should be absolutely the last area to be redeveloped."

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