

HOTEL: Plaza getting new medical lease on life

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fell through when the French owners couldn't agree on final numbers with prospective buyers.

The nine-story building in the Museum District has 72,000 square feet of rentable space.

"We haven't even finished up our preliminary construction scope and we've got nearly half of the building spoken for," says Tim Delgado, a development team member who's also a partner in two Midtown-area hospitals (see related story).

Total redevelopment cost for the high-profile Plaza Hotel is expected to reach \$24 million, Greenberg says.

The complete renovation will include new lobbies, corridors and elevators. A 250-car parking garage will be added to the west side of the building. Each parking level will connect to a floor in the building that will have its own separate lobby.

"We're going to restore the building to its original look, but we're going to modernize the interior," Delgado says.

In 1997, Connecticut-based Anderson Group announced intentions to transform the old hotel into an upscale inn and apartment complex.

When that didn't come to fruition, Houstonian Marvy Finger announced plans in 2000 to turn the building into a



Rendering of Plaza Medical Center.

boutique residential property with restaurants and retail. That proposal failed to materialize as well.

While there was speculation that the deals weren't happening because the owner had unrealistic sales price expectations, Delgado says the deals were probably dropped because they didn't make economic sense. To make the numbers work, a residential unit would have to sell for as much as \$300 a square foot, he says.

"We looked outside of the box and came up with medical office space," says Delgado, who expects the renovation to begin in roughly 90 days.

The Plaza was originally designed by Joseph Finger, who modeled the hotel after the Ritz Carlton Hotel in New York.

The building was constructed in 1926 for \$1 million. ■