Airbnb teams up with developer for hotel-condo hybrid

Airbnb and a real estate developer are teaming up to create a pair of high-rise condos that will be purpose-built for short-term renting — and which represent a potential path around rapidly increasing regulations that govern home-sharing.

The buildings will be located in Miami and Austin and operated under the Natiivo brand. Miami-based real estate and tech company NGD Homesharing created the brand and is spearheading the projects. The firm said in a statement that the buildings will be “revolutionary.”

Harvey Hernandez

“Natiivo fills a gap in the hospitality landscape by combining an elevated, professionally-hosted experience, great design and cutting-edge technology with the service, security and consistency of a great hotel,” NGD Homesharing CEO Harvey Hernandez added in the statement.

The statement further explains that the Austin building will have 249 units spread across 33 floors. The 48-story Miami building will include 604 units. The properties will also feature an array of amenities such as concierge service, keyless entry and coworking spaces.

But the thing that will really set both buildings apart is that they will have hotel licenses. And that should allow the individual unit owners to rent out the spaces all year long on platforms such as Airbnb or Vacasa.

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A rendering of Natiivo Austin. Credit: Natiivo

The developers want to make home-sharing as easy as possible for owner-hosts and, to that end, have struck up a partnership with Airbnb. The short-term rental giant will consequently be involved in design decisions, and the buildings will have managers to help Airbnb guests as well as dedicated spaces for Airbnb Experience hosts.

That approach stands in stark contrast to other types of development; many condo communities have strict rules governing how owners can rent out their units and, more importantly still, numerous cities have begun to crack down on short-term rentals with an array of regulations.

Just this week a new set of regulations in Los Angeles began severely limiting the types of properties hosts can list as short-term rentals. The city also imposed limits on the number of days hosts can rent out their homes on sites like Airbnb, and began requiring municipal registration fees.

The Los Angeles rules are just the latest, and arguably among the most draconian, short-term rental regulations to be either imposed or considered in cities across the U.S. Perhaps most relevant to the Natiivo developments, Miami Beach — an island city just off the coast of Miami itself — has been imposing massive $20,000 fines for illegal short-term rentals.

Though the circumstances in each city are different, much of the pushback against short-term rentals focuses on claims that some hosts are effectively running “illegal hotels” — while also escaping the licensing and regulatory red tape that legitimate hospitality businesses have to deal with.

However, the Natiivo developments represent a way to potentially sidestep that problem. Because the buildings will actually have hotel licenses, owners should be able to rent out their units to their hearts’ content. In other words, unlike some other Airbnb listings, units in the Natiivo buildings will literally be *legal* hotels.

A rendering of Natiivo Miami. Credit: Natiivo

Airbnb did not respond to Inman's request for comment Wednesday.

However, speaking to the Miami Herald in June, Hernandez said that the projects were born "out of necessity" thanks to prospective occupants inquiring about this type of real estate.

"Our buyers have the flexibility and opportunity to live 100 percent of the time … or have that investment work for them," Hernandez also told the Herald.

Both the Miami and Austin buildings were announced in June. The Austin building is slated to open in September 2021, while the Miami project should open sometime during the spring of 2022. Florida-based Newgard Development Group and Texas-based Pearlstone Partners are co-developing the buildings.

Though the Natiivo developments represent a potentially significant leap forward in the way short-term rental companies engage with residential real estate, they aren't the first home-sharing experiments from NGD Homesharing. Over the last couple of years, the company has also opened buildings in Nashville, Tennessee, and Kissimmee, Florida, where residents are encouraged to rent out their units on Airbnb for up to half a year.

Those buildings operate under the Niido brand and, unlike Natiivo, cater to renters rather than condo owners.

For its part, Airbnb has also been expanding its investment in spaces that diverge from its traditional offerings. In addition to Natiivo and Niido, for example, the company also led a funding round in luxury apartment startup Lyric earlier this year and partnered with New York City's RXR Realty to rent out spaces in commercial buildings.

Email Jim Dalrymple II

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