

Downtown Miami is getting its first new condo tower with built-in Airbnb service

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Architectural rendering of the District 25 condo tower, which will be the first to offer built-in Airbnb services to owners. *ARX SOLUTIONS*

A new condo tower in downtown Miami will have an amenity none other can offer: A built-in partnership with Airbnb.

District 25, a 37-story, 343-unit building to be located at 225 N. Miami Ave., adjacent to the Miami Dade College downtown campus, will offer fully-furnished, move-in ready condos, ranging in size from studios through two-bedrooms and priced at \$350,000-\$700,000.

The \$170 million project is a joint venture between Miami-based developers The Related Group, ROVR and

BH Investment Group. Siegler Suarez Architects will design the exterior of the building. The Brooklyn-based Meshberg Group will handle the interiors. The building is scheduled for completion in 2023.

The District 225 tower is the latest example of “flexible living,” a buzzy real-estate term that allows buyers to live in their condos part-time and generate income by renting them out to hospitality companies for management when they’re away.

The addition of rental-giant Airbnb, however, makes the building stand out from other hotel-branded condo buildings offering the same service, such as the 231-unit [Yotelpad Miami](#), which is due for completion this fall and is sold out, and [the Waldorf Astoria Hotel and Residences Miami](#), which recently launched pre-sales.

“We have a license agreement with Airbnb so it will be a seamless process,” said Jon-Paul Pérez, president of The Related Group. “The building has been designed to maximize space and is pre-approved by Airbnb. They were involved in the design of the building. There will be additional staff on site to handle check-ins and check-outs and the cleaning of the units. You just sign a one-page agreement and you can host your property on Airbnb. Short-term rentals using other companies can be laborious.”

Airbnb is the most popular short-term rental company in the world. [According to its most recent public filings](#), the company reported earnings of \$887 million in the first quarter of 2021, a five percent increase year over year, and total bookings numbered 64.4 million, a 13% increase year over year. Gross booking value (which includes host earnings, cleaning fees and taxes) was \$10.3 billion, a 52% growth year over year.

Although there are [dozens of existing condo buildings in Miami-Dade](#) that allow Airbnb listings, District 225 will be the first one built with short-term rentals as part of its top-to-bottom design.

“We’ve long worked with large-scale developers and Related was always on the list of ones we wanted to work with to enable home-sharing across their portfolio,” said Jesse Stein, head of real estate for Airbnb. “What’s great about this project is you can host one night a week or live there full time. One of the major details of this building versus some of the other offerings in Miami is that the host keeps 97% of the rental fee. There’s nothing other than the usual three percent fee [from Airbnb]. I have to give credit to Related that they see the opportunity for the resident to make more money.”

The building will be managed by the Bay Harbor-based Atlantic Pacific. Its staff will handle all aspects of the Airbnb hosting process, from assistance with the listing and marketing the unit, to maintenance and cleaning of the condo. The short-term stays can be any length of time.

According to [Guestable.com](#), downtown Miami is [one of the six most popular neighborhoods](#) in the county for Airbnb, alongside Brickell, Wynwood, South Beach, Little Havana and the Upper East Side. But those listings are maintained by the individual property owners. District 225 will be the first in Miami-Dade County to have

the service built into its foundation.

Experts say that the Airbnb brand will make District 225 different from other condo buildings in the downtown area offering short-term rentals. According to a report published in April by Condo Vultures founder Peter Zalewski, there are [currently 538 active listings](#) in the Miami-Dade/Broward/Palm Beach area for condo-hotel units (condos that can be rented 365 days out of the year using short-term rental agreements) with an average price per unit of \$685,722.

That equals a 41-month supply of housing stock (a healthy supply, meaning how long it would take for all the units to sell, is six months).

But because of Airbnb's brand name and international popularity, District 225 should be a slam-dunk, Zalewski said.

"This could be a good strategy for Airbnb," Zalewski said. "Miami is a lab for condos. You figure out what works here and then you take it nationwide. This could become a thing where Airbnb starts [contracting] buildings nationwide. Condo hotels have always been a challenge. Airbnb gives it a new life because you have the opportunity to rent it out yourself."

CONDOS SURGING

Median prices of existing condos in Miami-Dade jumped 25% year-over-year in April, from \$260,000 to \$325,000, one indicator that would-be home buyers are considering condo living after being priced out of the blazing single-family home market, where the median price is now half a million dollars.

According to the Downtown Development's Authority (DDA) [May 2021 report "The Future of Downtown Miami,"](#) there are currently 18 condo or apartment towers under construction in the [DDA zone](#), which includes Brickell, the Arts & Entertainment district and the Central Business District. Another 19 projects are under development.

Total population of the Greater Downtown area, which includes Midtown Miami and Wynwood, was 115,528 as of Dec. 2020, up from 40,466 from the year 2000 — an increase of 185%.

"Downtown Miami is one of the world's most vibrant neighborhoods for tourism, business and everyday living," said Christina Crepi, executive director of the DDA. "As the center of gravity in Miami has shifted to downtown, demand has brought in 18 new hotels to downtown Miami over the last decade, bringing the total to 46 and with many more underway. As domestic tourism continues to rebound, and international travel takes off again, we anticipate even greater demand for our hotels, restaurants and cultural and entertainment

establishments.”

The Related Group’s Pérez is also bullish on downtown’s future potential.

“Miami WorldCenter was a dream 10 years ago and now it’s turned into a reality. Paramount is built,” he said, referring to a the Miami WorldCenter condo developed by Paramount Ventures. “All the retail is going to be open by early 2022. All of the retail in Brightline has been leased. CitizenM Is opening soon. That area is going to have over 5,000 condos and apartments. Retail is going to be open by 2022.

“Five years from now, you’re going to have people walking around and hanging out in the streets. That plays perfectly with our timing, because the demand from outside Florida keeps growing.”