

Homegrown Hospitality

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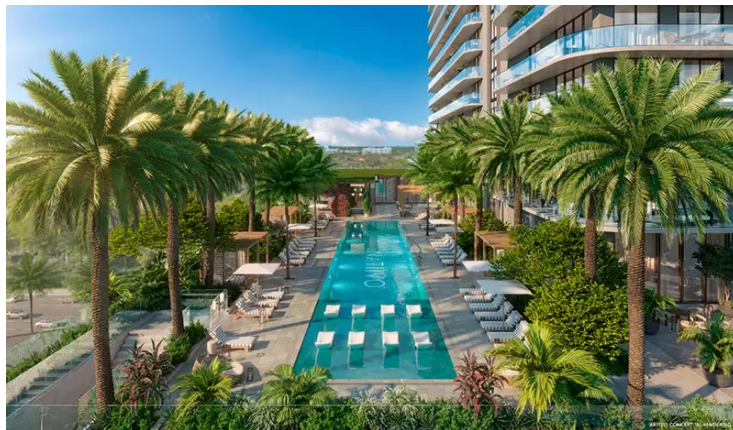


A 40-story, rental-friendly condo development downtown promises to further blur the distinction between hotels and high-rise homes.

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he startup of Airbnb in 2008 signaled the birth of the home-sharing industry as Airbnb and similar online platforms emerged and empowered homeowners to earn income from short-term rentals of their properties.

Indeed, these popular platforms have blurred distinctions between hotels and condominiums where short-term rentals are allowed. Now, a Miami-based developer behind a condo development in downtown Fort Lauderdale is licensing the property as a hotel. Newgard Development Group is planning not only to allow short-term rentals of the condo units but also to offer owners the option of using an in-house booking platform comparable to Airbnb. Miami-based Newgard, led by founder and CEO Harvey Hernandez, is developing the ready-to-rent condominium, called Natiivo Fort Lauderdale, at 200 W. Broward Blvd., across the street from the Brightline train station.



Natiivo Fort Lauderdale is designed as a 40-story, mixed-use building with 384 fully furnished condo units, two restaurant spaces and 35,000 square feet of office space. It will be Newgard's third rental-friendly condominium under the Natiivo brand. In June, Newgard finished construction of the second one, Natiivo Miami. The first opened in Austin, Texas, about two years ago. "We design and build the project as a hotel," Hernandez said, describing the Natiivo condo concept. "We collect taxes, lodging taxes, and provide beds for all these people who want to come to the city." His company augments its management of Natiivo condo buildings by offering its own booking system to owners who want to rent their units. Hernandez said at least 80% of the Natiivo Austin owners renting units choose to use the Newgard booking system instead of such platforms as Airbnb, Sonder and VRBO.

Asking prices for Natiivo Fort Lauderdale condos ranged in early August from \$650,000 to \$1.5 million, and Newgard had reservations and down payments for about 30% of the 384 planned units from preconstruction buyers, Hernandez said in an August 7 interview. The founder and CEO of Newgard also said the opening of a Natiivo sales center about five blocks from the development site, scheduled to happen in September, would be a major milestone.



“Fort Lauderdale is a little bit of a different market. People really want to see and touch what they’re buying. That’s why the sales center becomes super important, more so than in Miami,” Hernandez said. “Our prospective buyer can touch the materials, see the product and commit to a contract. We’ll have the sales center open for the [winter selling] season, and hopefully, we’ll get to a condition where we could break ground in the first quarter of next year.” The Natiivo sales center also will serve as a showcase for Fort Lauderdale-based firm IDDI, which designed the interiors of Natiivo Fort Lauderdale. “They’ve done a great job helping us with interior design, not only for the common areas and the amenities, but also for the units,” Hernandez said. The architect of Natiivo Fort Lauderdale is the renowned Miami-based firm Arquitectonica.



Even for perfectly designed condo developments, market conditions aren't ideal. Elevated mortgage interest rates have contributed to a decline in condo sales in Greater Fort Lauderdale. The number of existing condos sold in Broward County fell to 4,950 during the 2023-24 winter buying season (November to April), an 11.6% drop from 5,600 resales during the 2022-23 winter season, according to a market report by Miami-based Condo Vultures. “This is the second consecutive year that condo resales were down from the recent peak of the 2021-22 winter buying season, when nearly 8,585 units traded,” Condo Vultures reported. “It is worth noting, the last time so few condos traded during a Broward County winter buying season was the 2008-09 season, when less than 4,050 units traded” – and when the Great Recession was under way.



Striking a similar downbeat tone, brokerage firm Douglas Elliman reported that condo resales in Fort Lauderdale fell to 445 in the second quarter of 2024, from April through June, a decline of nearly 25% from the second quarter of 2023. The brokerage also reported that the median condo resale price in Fort Lauderdale dipped to \$435,000 in the April-June period, a decline of 6.4% from the same period last year, while the number of condos listed for resale had surged to 1,525 by the end of June, more than double the listings a year earlier.

Undaunted, Newgard hopes to break ground for construction of Natiivo Fort Lauderdale by March 2025, Hernandez said, noting that, by then, condo buyers might find mortgage loans more affordable if the U.S. Federal Reserve soon starts a long-anticipated reduction in interest rates. “We see interest rates coming down, and more than likely, they will be at a very attractive level next year,” he said.



Next year, construction might also start on development sites near the Natiivo Fort Lauderdale site at 200 W. Broward Blvd. Newgard acquired the Natiivo site in December 2023 for \$31.2 million. “It wasn’t cheap, that’s for sure. But we like the location,” Hernandez said. His company bought the site from New York City-based Kushner Companies and Denver-based Aimco. Kushner and Aimco are working together on a residential and commercial development at 300 and 520 W. Broward Blvd. (Aimco, meanwhile, is also redeveloping the old Searstown property at East Sunrise Boulevard and North Federal Highway.)

Hernandez said he speaks regularly with executives of Kushner and Aimco and expects their Broward Boulevard development to mesh well with his. “That was really one of the reasons why we decided to transact. Our project is not competitive with theirs,” he said. “Their project is a very high-end rental project, very nicely designed, and our project is basically condos in a hospitality space. If anything, it’s complementary.” Newgard’s chief added that if indeed “interest rates are coming down, and capitalization will get easier,” Kushner and Aimco are likely to break ground and start building on the boulevard in the first quarter of 2025.