

A mini revolution: The strategy behind YotelPad's first East Coast hotel-condo project

The London-based hotel brand specializing in compact rooms is planning a \$150M tower downtown by Aria Development Group and AQARAT

By [Ina Cordle](#) | April 18, 2018 05:30PM



David Ardit and Hubert Viriot and a rendering of YotelPad

For its first micro-unit hotel-condominium on the East Coast, the Yotel chain chose a market that is awash in new development: Miami.

But the chic London-based hotel brand, which focuses on international hub cities and up-and-coming urban neighborhoods, sees an opening for its planned location in [downtown Miami](#), which is gentrifying and redeveloping, said Yotel CEO Hubert Viriot.

“Miami has always been appealing to us. It’s a hub for the U.S., Central and South America, with a strong international appeal, great connections to Europe and Latin America — a vibrant and exciting city,” Viriot told *The Real Deal*. “It’s sexy. It fits every single typology and criteria we were looking for as a destination. It’s only natural for us to come here.”

YotelPad Miami will rise at 227 Northeast Second Avenue in downtown Miami, a 31-story tower that should open in late 2020. It will cost \$150 million to develop. The new concept is in line with the company’s brand, which offers compact units at moderate prices, according to the partners in the project.

Aria Development, led by principal David Ardit, and AQARAT, a Kuwaiti publicly traded company, have joined together to build the YotelPad property. It will be managed by Yotel, which is 70 percent owned by the Al-Bahar family, the controlling shareholders of AQARAT.

The tower will have 215 condos and 250 Yotel “cabins,” or small hotel rooms. The studios, one-, two- and three-bedroom condos, on the upper floors, will average 580 square feet and will be priced from \$260,000 to the \$450,000. Condo owners will be able to participate in a short-term rental program.

The project will also have a “Sky Lounge” with a game area, living room with a fireplace and a chef’s kitchen and private dining area. Owners and hotel guests will also have access to bike storage, a coffee bar,

restaurant and bar, fitness center, co-working space, a lounge and pool deck.

The aim is to create well-designed, high-technology, compact units with restaurants and services that also include a room for residents to pick up packages and a “PetPad,” for dog grooming, Arditi said.

And though the sales gallery just opened and construction has yet to begin, the partners are already looking for sites in Miami-Dade for a second project, Viriot said. The company looks for areas experiencing transition, similar to its locations in New York’s Hell’s Kitchen, Boston’s Seaport and San Francisco’s South of Market.

In Miami, YotelPad is targeting foreign and U.S. investors who may choose to take part in the rental program, as well as buyers who work downtown and parents of college students at nearby Miami Dade College. One World Properties is handling sales and marketing.

“If you look at the nature of buyers in Miami, there are so many international buyers — they’re not necessarily looking for something to live in year-round.” Viriot said.

In the hotel market, downtown Miami is characterized by lower-priced properties like Holiday Inn and Courtyard by Marriott, and pricey ones like Icon Brickell and the InterContinental Miami. Arditi said the partners discovered “an opportunity to do something in between — a branded, four-star experience but at a moderate price.” Hotel rooms, averaging 240 square feet, will cost \$200 a night, he said.

Yet the condo market is highly competitive. Greater Downtown Miami’s condo inventory was expected to grow by 3,456 new units in 2017, according to a [Miami Downtown Development Authority](#) report by Integra Realty Resources last year. This year, 2,846 units are expected to be delivered and 1,960 units in 2019.

Still, Viriot sees a void in the market for lower-priced, smaller-sized branded condos.

“Branded residences are not new — there is Ritz-Carlton, the Four Seasons — but it is always about super luxury,” he said. “I’ve always been a believer that brands can be positioned in very different segments for younger consumers.”

For such buyers, YotelPad will have to compete with other planned developments with small units, like [Smart Brickell](#), a mixed-use project with condos priced from the low \$300,000s to about \$600,000, and sizes from 558 square feet to 1,117 square feet. Still other planned [micro-unit projects](#) in Wynwood are aimed at renters, including Related Group’s and Block Capital Group’s Wynwood 26; and Related and East End Capital’s Wynwood 25. “I think [downtown Miami] is a deeper market because not everyone is going to like Wynwood,” Viriot said.

While compact units are new to the Miami market, in Europe, 400-square-foot to 700-square-foot units are the norm, he said. “Florida has historically been distorted. Those days are gone,” Viriot said. “Increasingly, people focus more on the experience, where they live, how they live — more so than just the physicality.”

Viriot has worked for the Al-Bahar family for 14 years, returning to Yotel in 2014 to spearhead the brand’s growth worldwide.

Yotel now operates seven hotels worldwide, including two in the U.S.: New York and Boston. San Francisco is scheduled to open later this year. A total of 21 are in the works worldwide.

The YotelPad concept is new, and so far, five YotelPads are in development. Besides Miami, one is in Park City, Utah; one in Dubai, and two are in Geneva, Switzerland. Viriot said his goal is to have 50 or 60 Yotels and YotelPads within five years. Other U.S. cities considered for Yotels include Chicago, Los Angeles, Washington, D.C., Seattle, Austin, Portland and Nashville.

YotelPad Miami's construction is expected to begin in the fourth quarter of this year, and Arditi said he is negotiating financing. Three units have already been pre-sold, he said.

One downside: the building won't have on-site parking. Only valet parking will be available, and cars will be parked at two garages across the street, on Northeast Second Street and on Northeast Second Avenue. Last year, the city of Miami approved changes that reduce parking at the development site by 30 percent. And Miami 21 — the city's long-term urban planning and land use strategy — allows developers to [eliminate parking](#) for residential units if the project is located within 1,000 feet of off-site garages.

Yet the partners view downtown Miami as close to Miami Dade College, the central business district, the planned Miami Worldcenter and soon, Brightline commuter train service. "There are a lot of anchors in downtown," Arditi said. "Downtown is pedestrian friendly."

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