9TH EDITION

GSAIR

THE GLOBAL SERVICED APARTMENT

INDUSTRY REPORT

2022

SilverDoor APARTMENTS

a TIN report

Travel Intelligence Network

in association with FRASERS HOSPITALITY Oakwood OASIS & OASIS COLLECTIONS

Global Serviced Apartment Industry Report 2022

In association with Frasers Hospitality, Oakwood, Oasis Corporate Housing

9th edition

Published by
SilverDoor
Denver, Madrid, Lancaster, London, Hyderabad, Singapore
www.silverdoorapartments.com

Compiled by Travel Intelligence Network
www.the-tin.com

Designed by Creativo
www.creativodesign.co.uk

Disclaimer

Whilst every effort has been made to ensure accuracy, neither SilverDoor nor Travel Intelligence Network can be held responsible for any errors or omissions.

Confidentiality Notice

Contents

Report methodology

The 2022 edition of the Global Serviced Apartment Industry Report has been responsibly compiled from a range of primary and secondary global sources, both in and closely aligned with the serviced apartment sector.

We always strive to fill the Global Serviced Apartment Industry Report with data about the market. As in previous editions, much of the data presented here comes from the survey undertaken especially for this report.

The survey for this edition of the report was conducted during September and October 2021 amongst 6,000 corporates, 2,000 serviced apartment operators and 1,800 agents. Over seventy industry insiders contributed through interviews or written comments between September 2021 and May 2022.

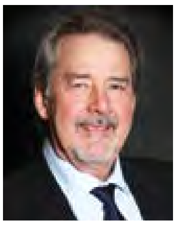
Wherever possible, the results of this year's GSAIR survey have been compared with previous years' to highlight trends within the world of serviced apartments.

All other information sources are fully attributed and include other publicly available reports and research around the serviced apartment sector or the wider hospitality industry. In all cases, we present the latest figures available within the market.

Editorial team

Mark Harris (Contributing Editor)

Mark Harris joined the business travel industry in 1990, has been a Director of Travel Intelligence Network since 2005 and was voted the business travel industry's Personality of the Year in 2006. As well as the Global Serviced Apartment Industry Report, TIN's output includes the Meetings Industry Report, 70+ white papers and over 100 blogs, The Serviced Apartment Awards and The People Awards. After lunch he is chairman of the PitchingIn Northern Premier League and an FA councillor.



Charles McCrow

Charles was the driving force behind The Apartment Service's 40-year success until its acquisition by SilverDoor's parent company in 2021. With a background in property development and construction, Charles is a long-standing member of several industry bodies, a founder member of the UK's Association of Serviced Apartment Providers (ASAP) and a winner of the Serviced Apartment News Industry Inspiration and Lifetime Achievement awards. Under his leadership the company has been at the forefront of innovation in the sector.

Bard Vos

Bard Vos has been at The Apartment Service since 1996, becoming Reservations Manager in 1997 and then joining the marketing team in 2004 where he has been involved in all the company's marketing activities. Bard has written for every edition of the Global Serviced Apartment Industry Report to date. Now, as part of the SilverDoor team, he has again compiled the global serviced apartment listings.

Sources & acknowledgements

Individual sources are shown in the footnotes at the bottom of each page of this report.

The editorial team would like to thank the following for their contributions to this edition of GSAIR.

Alexander Goransson, Euromonitor
Alex Neale, SilverDoor
Anton Kargaltsev, Forenom
Bard Vos, SilverDoor
Ben Subedar, AptsColombia
Burak Ünver, SMARTments business
Charles McCrow, Roomspace
Chris Miller, Convido
Daniel Blaauw, MUi STAYS
David Mansfield, Quest Apartment Hotels
Dean Schreiber, Oakwood
Deborah Heather, M-Assessment
Declan Fitzhenry, The CityStay Group
Dominic Sherry, Flying Butler Apartments
Elie Milky, Radisson Hotel Group
Evelyn Haran, PREM Group
Gavan James, Nomad Temporary Housing
George Sell, Serviced Apartment News
Hanish Vithal, SilverDoor
Jason Delany, Staycity Group
Jeff Tisdall, Accor
Jenni Määttä, Forenom
Johannes Kangas, Forenom
John Philipson, Cheval Residences
Julia Harnischfeger, JOYN Serviced Living
Kim Krollman, OWL
Lee Whiteing, Global Secure Accreditation
Lucky Nwosu, Suites by Rehoboth
Marcus Angell, Habicus Group
Marie Hickey, Savills
Mark Meehan, Travelport
Mark Skinner, The Highland Group
Martin Klima, SilverDoor
Martin Kubler, ME Hotel Consultancy
Mary Ann Passi, CHPA
Merilee Karr, UnderTheDoormat/STAA
Michal Rao, STR
Molly Johnson-Jones, Flexa
Moran Machtey, Gold Tree Hospitality
Nick Barton, edyn
Nick Grassick, PH Real Estate
Parker Stanberry, Oasis Collections
Pauline Houston, SilverDoor
Pilar Morais, CHI International
Rachel Angell, Domus Stay
Robert Alley, Roomzzz
Scott Sullivan, Enplus
Shabina Awan, SilverDoor
Sian Sayward, Inntel/beam
Steve Banks, Agiito
Steve Frey, Oasis Corporate Housing
Steve Lowy, Anglo Educational & The Residence Apartments
Steve Reynolds, TRIPBAM
Stuart Winstone, SilverDoor
Tara Scrivener, Altovita
Tim Deuysen, Living Hotels by Derag
Toby Roberts, SilverDoor
Victoria Jackson, SilverDoor
Vivi Himmel, Altovita
Wayne Arthur, Staycity Group
Wesley Shelling, SilverDoor
Zed Sanjana, Veriu Group

Glossary of terms

Several acronyms or abbreviations are used in this report. These are as follows.

ADR:	Average Daily Rate.
APAC:	Asia-Pacific (A-sia PAC-ific).[1]
ASAP:	Association of Serviced Apartment Providers (UK).
BPS:	Basis points are a unit of measurement used to quantify the change between two percentages. A basis point is equal to one hundredth of one percent, or 0.01%.[2]
BTA:	Business Travel Association (UK).
BTR:	Build To Rent.
CHPA:	Corporate Housing Providers Association (US).
Corporate housing:	Residential apartments upgraded for short term rental and packaged together with services such as cleaning, utility charges, local taxes telephone and TV. There are two types of corporate housing; apartments let and maintained by the operator on an on–going basis, and those rented specifically for a particular housing requirement and length of time, after which they are handed back to the owner. Corporate housing is also the term used in the US to describe serviced apartments.
DE&I:	Diversity, Equality, and Inclusion (also referred to as EDI).
ESG:	Environmental, Sustainability, and Governance.
GDS:	Global Distribution Systems (e.g. Amadeus, Travelport, Sabre).
Generation Z:	Generation reaching adulthood in the second decade of the 21st century.
GBTA:	Global Business Travel Association.
GSAIR:	Global Serviced Apartment Industry Report.
Home Stay:	Generic term for products like Airbnb and onefinestay. AKA home rental.
HSR:	Hotel Supply Ratio (i.e. number of hotel rooms per '000 population).
MNC:	Multi-National Company.
OBT:	Online Booking Tool.
Occupancy:	Percentage of occupied bedrooms in a hotel during a set period.
OTA:	Online Travel Agent (e.g. Expedia, Hotels.com).
RevPAR:	Revenue Per Available Room.
RMC:	Relocation Management Company.
Short Term Rental:	Furnished self-contained apartments that are rented for short periods of time, usually by the month, as opposed to annual rentals in the unfurnished apartment rental market.
SMEs:	Small and Medium sized Enterprise.
STR:	Short Term Rentals.
TMC:	Travel Management Company (e.g. CWT, HRG etc).
USP:	Unique Selling Point.
WTTC:	World Travel & Tourism Council.
Yields:	The annual return an investor is likely to see from an investment. It is calculated by expressing a year's rental income as a percentage of how much the property cost.

1. https://en.wikipedia.org/wiki/Asia-Pacific
2. https://www.ig.com/uk/glossary-trading-terms/basis-point-definition#:~:text=A%20basis%20point%20is%20a,one%20percent%2C%20or%200.01%25.

Introduction

Welcome to this special ninth edition of the Global Serviced Apartment Industry Report.

By Marcus Angell, Chairman, Habicus Group

For the first time, the SilverDoor Apartments name proudly appears on the GSAIR cover following the acquisition of The Apartment Service by Habicus Group last year.

Of the brands and entities the group now comprises, GSAIR is a shining jewel in the crown, and we are fully committed to its continued evolution in the coming years.

Throughout my 22 years in serviced apartments, GSAIR has been the only regularly produced publication that is purely data driven, providing a true insight into the on-the-ground realities facing our sector.

Few companies other than SilverDoor – bringing together its extensive sector experience and the additional intelligence incorporated through the TAS acquisition – are equipped to gather and analyse extended stay data on such a far-reaching, truly global basis.

Hundreds of serviced apartment operators, developers, and investors rely on this report for business intelligence and rate and occupancy benchmarking data. Quite simply, it's become an industry bible.

Power of the specialist

This year, SilverDoor will likely book upwards of 1.5 million nights. Our job is to ensure that the accommodation we source for our growing number of clients meets their needs at the best possible rates; we can do this because we have over 3,000 serviced apartment operator partnerships built on collaboration.

We don't have any financial interest in the properties we book, but we know exactly what they can offer our clients because we update and maintain what is arguably the sector's largest database of properties.

Most importantly, it is the long-term collaborative relationships we have developed with operators that gives the information we have accrued a tangible, insight-driven value.

Our collective insights indicate that the serviced apartment sector is more diversified than it should be, and we recognise that a period of consolidation is necessary for the sector to evolve.

While we've led in consolidating the agency side, it is the operator component which realistically needs to slim down. This is another reason travel and relocation decision makers place their trust in us to source properties and manage their bookings on their behalf.

Impact of pandemic

The data contained in this edition provides reassurance that our sector is robust enough to survive times of uncertainty. Furthermore, the recent rapid growth in demand signifies that we are still headed in the right direction.

The pandemic has been the single largest disruptor during my time as a serviced apartment agent. Unlike war, natural disasters, terrorism, and financial crises which have resulted in a need for movement and an increased demand for accommodation, the Covid pandemic has been the first to have the opposite effect on such a global scale.

Consequently, the corporate world has had to think harder about why they travel, to where and how. The pandemic has brought into sharp focus the benefits of extended stay in terms of personal space, productivity, and sustainability.

Looking ahead

Despite continuing challenges such as insufficient stock capacity within the sector to meet demand, or the frustrating differences in national and regional regulatory requirements, the serviced apartment sector has never had a better opportunity to grow.

THE APARTMENT SERVICE WORLDWIDE

About SilverDoor and The Apartment Service

1981
The Apartment Service is established as a specialist department within hotel booking agent, Expotel

1988
The Apartment Service commences representation services for specialist providers at business travel fairs and other trade events and exhibitions

1991
The Apartment Service launches the Guide to Serviced Apartments – an annual directory

1991
The Apartment Service becomes an independent agency owned and managed by Charlie McCrow

1995
The Apartment Service starts contracting inventory for Tour Operators

2000
As the internet really takes hold, the distribution landscape is changed forever. Simultaneously, the serviced apartment sector booms on the back of commercial globalisation

2002
The Apartment Service website relaunches, publishing a full online directory of international serviced apartments with interactive reservation requests

2006
The Apartment Service opens offices in Madrid and Lisbon

2008
The 1st edition of the Global Serviced Apartment Industry Report (GSAIR) is published

2015
The Apartment Service opens offices in Singapore and the USA

2021
The Apartment Service is acquired by SilverDoor's parent company, Habicus Group

2022
The Apartment Service fully integrates into SilverDoor, further enhancing the world's largest serviced apartment agency

Company Timeline

SilverDoor
APARTMENTS

Company Timeline

2000 Hotdigs is founded by Marcus Angell

2002 Marcus and Angie Angell open first company office in Chiswick

2005 Hotdigs undergoes a rebrand with the company name changed to SilverDoor

2006 Stuart Winstone joins SilverDoor

2008 SilverDoor moves from Chiswick High Road to larger offices around the corner in Dukes Gate

2016 SilverDoor's parent company acquires Worldview Limited, bringing the Citybase and Central London Apartments brands into the group

2016 SilverDoor opens APAC headquarters in Singapore

2018 SilverDoor opens Technology hub in Hyderabad to support its UK Development team

2019 SilverDoor opens Americas headquarters in Denver

2020 Stuart Winstone becomes CEO on SilverDoor's 20th birthday

2020 SilverDoor's parent company and design-led London estate agent Domus Nova launch a joint venture: Domus Stay, offering a premium short-stay solution connecting discerning homeowners with design-savvy guests

2021 SilverDoor moves its Lancaster operations into brand new premises in the city which have been carefully redeveloped to meet its exacting standards

2021 SilverDoor's parent company acquires The Apartment Service

2022 SilverDoor opens Iberia and Latam regional office in Madrid

Global lodging forecast

By Alexander Goransson, Euromonitor

After two challenging years for the global travel and tourism industry, Euromonitor International forecasts that 2022 will be the year when the industry finally starts to recover from the pandemic which almost overnight wiped 75% off global inbound tourism receipts.

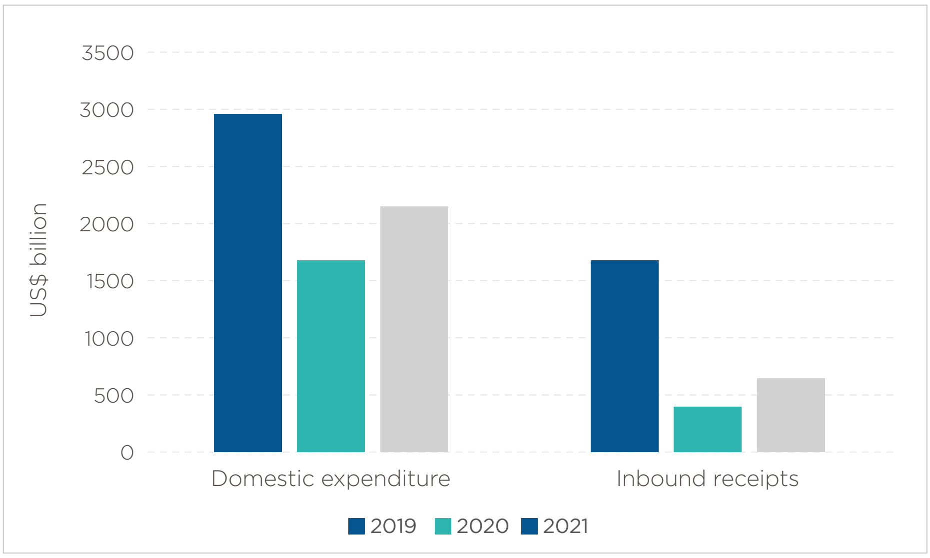
The outlook for 2022 initially looked uncertain, following the emergence of the Omicron variant in late 2021, but at the time of writing in April 2022 for most regions the impact is less severe than feared.

Despite the disruption caused by the pandemic, consumer desire to travel remains undiminished. Indeed, there is significant pent-up demand to explore and discover new destinations, cultures, and experiences. Staycations or "workcations" are especially well placed to benefit from the recovery and in turn short-term rentals are best positioned to benefit from this growing segment.

One of the most immediate effects of the Covid pandemic was a shift towards more domestic travel, although this was driven more by necessity than consumer interest. The growing importance of domestic travel functioned as a cushion for the global lodging industry whose value sales fell by just over 50% in 2020 and remained depressed in 2021.

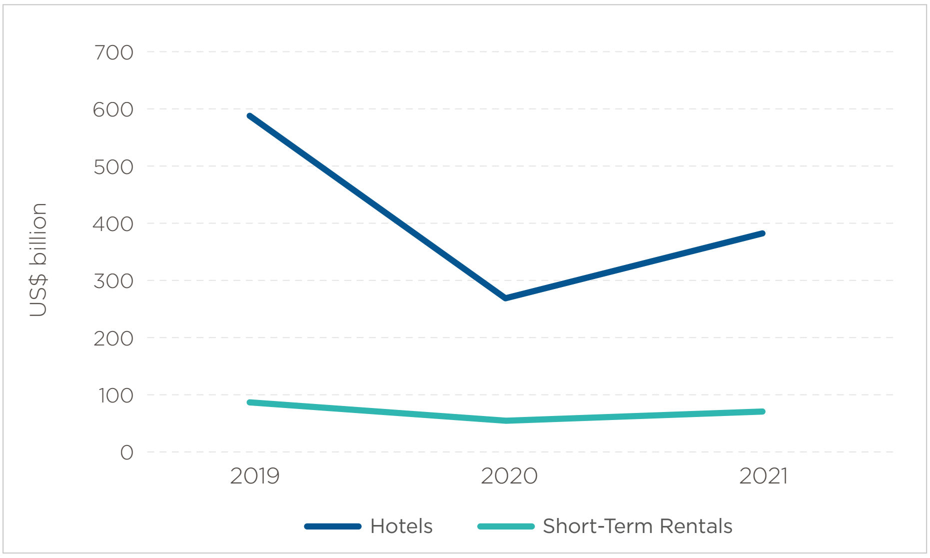
Like all accommodation segments, short-term rentals saw a sharp decline following the lockdowns starting in 2020. However less markedly so than for overall lodging with sales declining by "just" 37%. The category held up best in the key North American market, where sales in 2021 almost returned to pre-crisis levels, in contrast to hotels.

Fig.1 Global Tourism Expenditure 2019-2021



Source: Euromonitor International, Travel 2022 edition.

Fig.2 Hotels vs Short-Term Rentals Global Value Sales 2019-21



Source: Euromonitor International, Travel 2022 edition

Rapid recovery in the short term, but economic uncertainties may restrain mid-term growth

With the global spread of the Covid virus increasingly under control more destinations are lifting restrictions on inbound travel. Notably Australia which re-opened its borders in late February after sealing them for almost two years.

On the back of these developments, Euromonitor International believes that 2022 will be the year that international travel finally starts to recover and with it demand for lodging. Nevertheless, the question remains, how rapid will the recovery be?

We have developed a Travel Forecast Model which generates a variety of forecast scenarios based mostly on econometric drivers. The recovery in lodging will be underpinned by the recovery in inbound travel. Our travel forecast model presents three scenarios for global inbound tourism to recover from the pandemic. Increasingly the recovery will be impacted less by the spread of the virus but more by macro-economic factors.

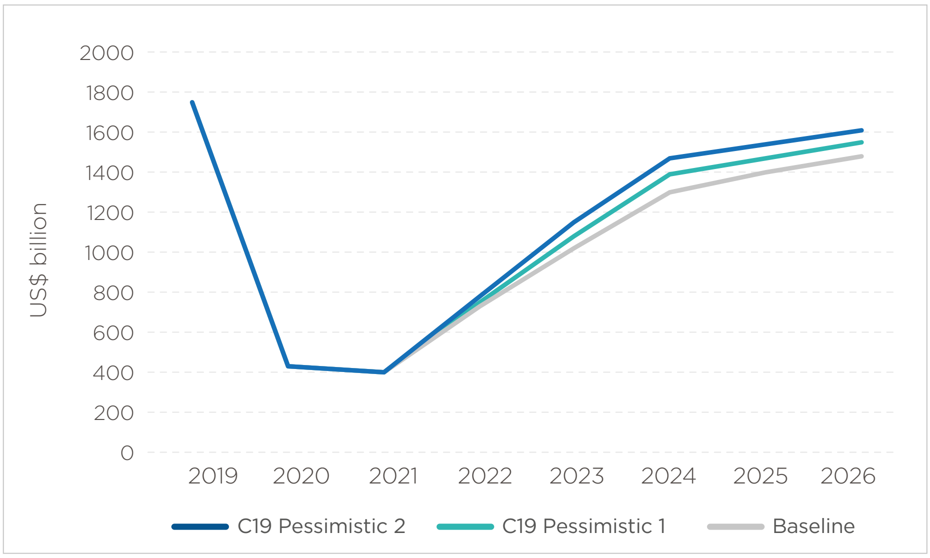
These include rising inflation, energy costs, interest rates, the end of the recent stock-market boom and the risk of recession. Not to be overlooked is that Covid is still spreading in China where at the time of writing (April 2022) Shanghai is under strict lockdown. Russia`s invasion of Ukraine also represents a factor for uncertainty.

With travel restrictions being eased and, in many destinations, removed completely, Euromonitor's Travel Forecast Model shows under all three scenarios a rapid recovery through to 2024 driven by the re-opening of the global tourism industry.

By 2024 global inbound tourism receipts are forecast to have recovered to 80% of pre-pandemic levels. From then onwards all three scenarios show growth but at a lower rate as macro-economic factors and consumer confidence become the main impactor rather than the pandemic. This is likely to restrain the mid-term growth potential, with a complete recovery not expected before 2026.

Euromonitor International believes that 2022 will be the year that international travel finally starts to recover and with it demand for lodging

Fig.3 Global Inbound Tourism Receipts Recovery Scenarios



Source: Euromonitor International, Travel Forecast Model
Note: Latest update 21 February 2022, before Russian invasion of Ukraine.
Inbound receipts in US$ were at 2021 constant value prices

Asia Pacific and North America to drive Short-Term Rentals growth

Short-term rentals showed their resilience during the pandemic with sales impacted considerably less than for hotels. Short-term rentals were also able to better adapt to a growing demand for rural destinations often in conjunction with increased domestic travel.

Also, unlike hotels, in particular luxury and upscale outlets, short-term rentals were less exposed to the business travel segment which was hit the most by the pandemic as potential business travellers worked from home whilst discovering the convenience of video conferencing over making business trips.

In the post pandemic landscape short-term rentals are forecast to be the most dynamic category with sales outperforming global lodging and the key hotels category, currently forecast to reach pre-pandemic levels already this year, two years ahead of hotels.

Notwithstanding the relatively robust performance during the pandemic in 2020 and 2021 there remains much untapped potential in short-term rentals, where two regions stand-out as the main drivers of growth.

In Asia-Pacific, short-term rentals value sales are forecast to increase by 175% between 2021 and 2026, significantly outpacing hotels. In the key Chinese market short-term rentals are a perfect match for travellers increasingly seeking experience-orientated accommodation, in contrast to staying at standardised chained hotels. Chinese travellers are demonstrating a growing interest in lodging products, both hotels and short-term rentals, which embrace unusual and locally inspired design. Moreover, hotels and short-term rentals that highlight their family-friendly or pet-friendly features are welcomed by Chinese travellers.

Meanwhile in the North American market, short-term rentals are forecast to grow at a slower rate relative to hotels. This is in part due to them having almost recovered to pre-pandemic levels in 2021, unlike hotels, where the recovery will come later. Euromonitor forecasts US$15bn additional sales between 2021 and 2026 for short-term rentals in North America, making the region the largest net contributor to global growth.

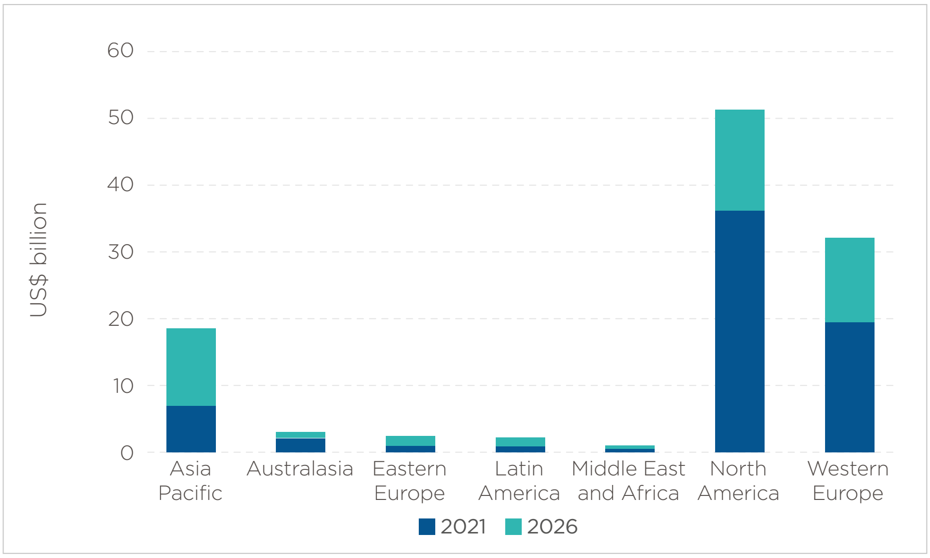
The North American market is forecast to benefit from the work-from-anywhere trend, with growth driven by both longer stays and increased rentals of whole properties especially in rural locations rather than rooms in cities.

This is especially relevant in a region where employees holiday time is limited, therefore short-term rentals are better positioned than traditional hotels to benefit from consumers combining leisure travel with working from anywhere.

Opportunities in short-term rentals in Europe should not be overlooked. Eastern Europe is forecast to be the second fastest growing region after Asia Pacific, up 133% between 2021 and 2026, however this is exaggerated by coming from a low base.

Despite its relative maturity, Western Europe will be the second largest contributor to global growth with US$12bn additional sales during the same period, but unlike the Asia Pacific and North America, growth will be driven mostly by the recovery rather than new sales.

Fig.4 Short Term Rentals sales by region 2021 vs. 2026



Source: Euromonitor International, Travel 2022 edition

Innovation essential to meet changing consumer preferences

Covid accelerated interest in, and evolution of, the work-from-anywhere trend, as well as the increased focus on health and wellbeing in a post-crisis world.

As consumers' priorities and preferences are also changing, this in turn will lead to increased social and environmental responsibility, re-evaluation of consumption patterns and spending habits in the new normal.

Saving on travel costs as well as embracing longer staying guests will help to revive the industry, overcome seasonality in the sector and address over-tourism. Ultimately however the business travel sector is reinventing itself through the introduction of new practices and services aimed at consumer segments such as millennials and digital nomads.

Hotel players have been very proactive developing new programmes and schemes to entice more "bleisure" travellers. Hyatt for example launched 'The Great Relocate Package' while citizenMhotels introduced a global subscription service tailored to remote workers.

However, the global lodging industry will not just have to rely on the recovery and "work from anywhere" to drive longer term growth. To make the most of the recovery lodging suppliers will need to factor in sustainability and climate change.

Innovation will also be fundamental to tackle the ever-increasing climate risks, together with the demographic, social and technological shifts that the pandemic has shown can have an overnight impact on consumer behaviour. Ultimately, transformation, creativity, climate awareness, inclusion, diversity, and fun are the foundations for the rebirth of travel. With innovation taking shape in terms of digital, sustainable, and safe travel there is much hope for a better long-term recovery.

Commentary - a global perspective

By Charles McCrow, CEO, Roomspace [3]

This is the ninth edition of GSAIR. Created to shed light on a sector of the lodging industry that many didn't understand or even know about, the report has charted a period of incredible growth.

In the fifteen years since GSAIR first appeared, the extended stay sector has grown from 454,000 units to 1,299,328 serviced apartments and 83,041 corporate housing units. In 2007, 77% of global supply was in the USA; today, 48% lies outside its borders.[4]

Remote working brings new challenges

Due in part to the pandemic, we have just seen a period of seismic change in how we work. Remote working may have cast a cloud over other hospitality segments, but serviced apartments have proven an attractive option for those needing to isolate or maintain a self-contained lifestyle.

During the pandemic, organisations suddenly had to grapple with several fresh issues from homeworking to compliance with HR obligations, sourcing financial support from government and how to manage their businesses in the 'new normal.'

Businesses have had to consider productivity amongst remote and office-based workers, including whether the employees' home working environment is suitable and ensuring data is secure and home networks are adequately protected.

Each of these has been a contributing factor in driving demand for accommodation with more space, which is much easier to find outside of city centres where new accommodation is being churned out with efficient designs taking priority over space, a top selling point for serviced apartments.

Changing travel cultures

The pandemic has also changed how we stay. Short stay trips have been replaced, by and large, by fewer - but longer - stays. Occupancy drops of up to 90% in city centre serviced apartments between mid-2020 and mid-2021 were not matched in regional locations. Assignees no longer take periodic journeys home mid-assignment because they are moving – albeit temporarily – with their families. Whether these shifts are temporary or permanent is discussed later in this report.

During the pandemic, there was a trend to choosing regional locations over city centres, due to restrictions on mobility, a desire to live in different locations for new life experiences and the opportunities for a healthier and rural experience in regional locations. The trend is enabled by the flexibility of remote working, the lower cost of staying regionally and the chance to have larger spaces.

With many meetings now taking place remotely, travel is no longer a 'must' for their teams. Home or remote working together with online meetings finally have a place. By and large most businesses can cope with reduced travel - except when an assignee needs to stay on a project or work at another location.

Many of these changes will be permanent. Social interaction will never go back to the '2019 normal' because, thanks to Covid, many have taken a hard look at their lifestyles, work/life balance and carbon footprints and assessed how society and the environment are affected by a continued drive for growth.

Quality of life doesn't just come from wealth and the desire (especially amongst younger workers) not to lead a traditional commuter lifestyle. Employers and governments worldwide are assessing the impact of remote working on the workforce, and the steps necessary to mitigate them. In doing so, their focus has shifted to data privacy and wellbeing.

3. Former owner of The Apartment Service, now merged with SilverDoor. Charles is now a consultant to GSAIR and SilverDoor
4. GSAIR 2022

Will these changes last?

These changes will take a while to settle down and will ultimately depend on the usual mix of politics, new world order, basic commodity supply shortages and environmental climate changes. Each of these has also been re-set since 2019.

Although organisations are thinking twice about short business trips and are considering potential health risks, damage to the environment and time saved when traveling to and from a face-to-face meeting. But that's not to say that short trips won't disappear because face-to-face engagement is still essential to do business.

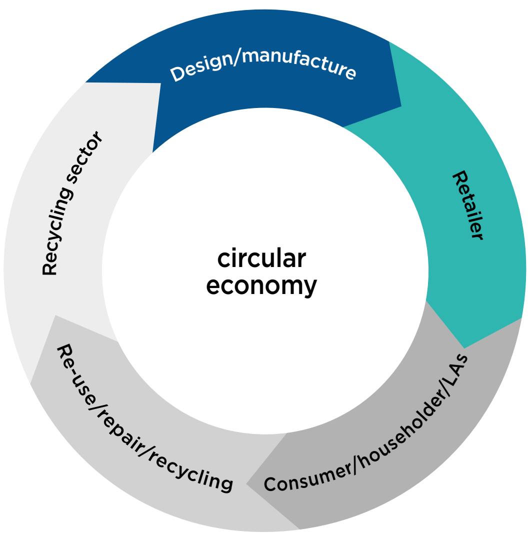
The pandemic has grown awareness of, and a willingness to use non-hotel accommodation products such as serviced apartments and home rentals. Thanks to the need to find spaces where travellers can self-isolate, the home rental market has boomed.

We also now have a growing collection of new IT based services that offer both homeowners and professional landlords the means to manage their inventory and provide robust online booking, channel distribution services and interactive guest tools. The success of Airbnb and Uber in the last five years suggests this change will be permanent.

The circular economy

Over the past 15 years, the serviced apartment industry has looked closely at quality and cleanliness standards and data privacy as part of an accelerated move towards contactless service. Today, the biggest issue is sustainability and ethical practices, a subject widely supported by three quarters of business decision makers and their customers.[5]

Fig. 5 Future of Work



Source: The Conversation

A well thought out plan to deliver organisation-wide sustainability can sound like empty words so meaningful action is vital. Those actions also need to show that they are making a difference if accusations of Greenwash (using sustainability as a marketing tool) are to be avoided. Those that deliver on their promises will be called out by consumers.

Corporate cultures must change in terms of re-using materials, recycling processes, choosing ecologically friendly products, and reducing waste. Most governments have set radical targets for energy generation, use and conservation, albeit too late and not ambitious enough. Ultimately, only by adopting KPIs to monitor cultural and operational decisions will change come about.

Investor appetite

Interest in both the serviced apartment and rental sectors amongst private and institutional property investors is growing. So far, interest has focused mainly on extended stay models in City Centre locations. Developers are confident these new brands will continue to outperform hotel markets as they have since 2020.

Considering that extended stay in North America continues to grow in market share, I estimate that the sector outside of the USA could double or even treble in the next few years.

Private rental sector investors are also stepping up their activities. The current home ownership rate in the US is slightly less than two-thirds of the population, dropping down to only one third when looking at Americans under the age of 34[6] and will continue to decline.

This trend is likely to be matched in other developed countries as home ownership becomes more costly and populations become increasingly mobile. By contrast, renting is an attractive option because it doesn't restrict residents' mobility, whilst a management company takes care of the maintenance of communal areas.

Investors are also targeting individual unit owners and build-to-rent (BTR). In the former, properties managed by private or professional landlords are marketed to guests via portals such as Booking.com and Airbnb.

An eco-system of new services to manage private inventories has sprung up, making this an easy option despite resistance from neighbouring owners, occupiers, local authorities, and pressure groups looking to preserve the housing stock for affordable rental options.

Growth is likely to come outside city centres, where there are fewer regulatory restrictions,

5. Accenture
6. https://policyadvice.net/insurance/insights/home-ownership-statistics/

and at the luxury end of the market. These options will also be attractive to the corporate market due to their higher standards and levels of support services.

In the build-to-rent sector(BTR), new developments are on the way to servicing the needs and lifestyle changes of growing populations, especially multi-family homes. The new preference for living is suburban rather than city centre where population density is higher and lacks open spaces for outdoor activities.

Investors are aware of this investment opportunity and are focusing on stays of 1 - 6 months or more because they attract longer term renters plus a premium for flexible lease terms. The benefit to renters is the professional management services that come with the option to reduce their length of stays and fully equip their units to include everything needed for a serviced rental by those who don't want to own anything, leaving them free to move on - even internationally.

Even greater choice for corporates

This combination of extended stay products, corporate housing services, booming short term rentals and home share markets adds up to greater supply choice. Meanwhile, more organisations are now diverging away from the traditional sourcing of corporate accommodation in favour of adopting more flexible policies that give travellers and assignees more choice in where they stay.

Although the latter approach is favoured by travellers who are comfortable in making choices that suit their lifestyle needs, this can compromise employers' Duty of Care. Employers must therefore make it clear what travellers or renters can (and cannot) do if they are to avoid more accommodation choices outside of policy.

Herein lies a challenge. Operators, agents, associations, and media alike have been trying for years to clarify to accommodation buyers (and themselves!) what the expression 'serviced apartment' means.

Now, it is widely accepted that this is an umbrella term covering many variations, and it is differences that define each serviced apartment offering. From aparthotel, to extended stay hotel and corporate housing, to residences and family rental housing, confusion persists - especially between extended stay and residential options for flexible stay rentals.

A comparison of licenses to stay in hotels and residential tenancy agreements for long term rentals, plus variations between city centre and regional locations, highlights overlapping legal and regulatory frameworks and partly explains why clearly defined product types remain elusive.

Investors' attention, driven by demand trends, will inevitably focus on extended stay (and aparthotel) brands due to the numbers involved. But the opportunity presented by residential property options like purpose built single and multiple family renting communities, BTR, co-living and residences are coming to the attention of buyers who are keen to meet the needs of those intent on new lifestyles.

Consolidation and exits

Nothing stays the same for long, especially nowadays, particularly when investors have an ever-expanding array of strategic investment choices.

Accelerated by the pandemic, business strategies and goals have changed for those previously divided between focussing their growth on owning or managing their assets. This was the case with my own business and drove the decision to separate The Apartment Service agency from the Executive Roomspace operating company.

These businesses had different stakeholder interests and growth strategies with unique destinies. The choice facing many accommodation companies now is whether to include agency services or focus on core activities - unless you have significant resources to offer a global service.

Trying to do both can be challenging unless you have significant resources to offer a global service. Larger institutional funds also seem to prefer to separate property asset ownership from operating businesses, i.e. Propco and Opco.

Smaller operators will find it hard to compete with the funding that some of the larger operators have for in-house systems and will rely on external IT specialist companies to compete. The option to unite, co-operate, merge, acquire or be acquired are attractive ways in which to compete effectively.

Long term rental companies are adapting their offerings, bringing in IT not only for management but also to add hospitality services and new business models are emerging. We will see more funding from the private rental sector to support this growing thirst for more extended stay opportunities which is seen as a leader for more long-term corporate business.

Accreditation still not a 'must have'

This year's GSAIR survey showed that many corporates are yet to be convinced of the importance of accreditation programmes. Only 40% see them as only 'quite important' whilst 40% are neutral or worse.

Effective accreditation schemes that enable corporates to make safer, informed choices, are harder to achieve because there are so many types of operators and business models. Some operators are large enough to inspire confidence in their standards, but operators with less than a few hundred units, who make up a larger percentage of overall inventory, do not.

It is much harder to benchmark these operators because accreditation goes beyond consistency in cleanliness compliance and service levels. Although guest satisfaction is based on comfort and cleanliness, recommendation and familiarity will always dominate.

Businesses that extensively use suppliers become comfortable with them and place less credence on accreditation badges. Neither grading nor accreditation featured highly in the GSAIR survey into corporate buyers' selection criteria. In fact, some prefer to book directly with the operators rather than through third-party systems.[7]

Many TMCs and RMCs prefer to use specialist apartment agencies who are better geared up to manage the intricacies of longer stays such as lease commitments, ongoing management of guests and payments.

A common factor in responses from corporate buyers, agents and operators alike was the need for reliable and fast internet connections in all accommodation solutions. Customer service is also key to success – the rest follows on from these two key elements.

You can read more about the results of this year's GSAIR survey in the next chapter.

Challenges

The serviced apartment sector may have favourable winds behind it, but there are still plenty of challenges to overcome, from staff shortages and supply chain issues to safety compliance and increased competition from private home rentals.

Future pandemics aside, demand levels should remain strong despite less business travel. The day of the Digital Nomad Temporary Housing has arrived.

In the short term, or until the threat of further pandemic outbreaks recedes, operators, corporates and their agents will be working through how to manage recurring outbreaks. This makes it increasingly likely that many will opt for safe and self-contained places they can call home for longer stay away trips – a big positive for our sector.

The day of the Digital Nomad Temporary Housing has arrived.

7. GSAIR survey 2022

GSAIR survey results and analysis

By Mark Harris

A combination of secure environment, less vulnerability to staffing shortages and staying open during lockdown has enabled serviced apartments to bounce back faster than hotels, post-pandemic.

As you will read throughout this report, the demand trends now driving the serviced apartment sector are longer, but less frequent stays, risk management, environment, sustainability, and governance.

Longer-term trends

However, behind these headlines are other, longer-term trends which are tracked in the surveys undertaken for each edition of GSAIR to date.

Originally, the GSAIR survey was conducted amongst extended stay operators and focussed on regional and global supply trends, providing insight not only into the growth of serviced apartments, but also the challenges facing operators.

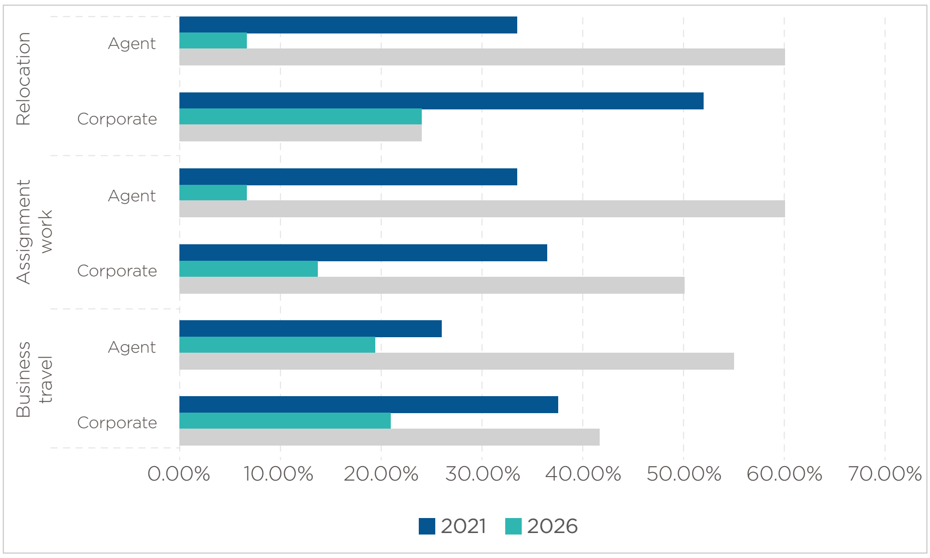
For the 2013/14 edition of GSAIR, the survey was expanded to include corporates and agents (mainly TMCs and RMCs). This enabled us to explore the purposes for which corporates use serviced apartments (and why), how they are sourced, and what the sector needs to do to increase its share of corporate accommodation spend.

These, and other trends have subsequently been tracked to provide year-on-year and longer-term comparisons. The 2022 survey was conducted in Q4 of 2021, with respondents asked to report on the period 2020/21.

Serviced apartments more popular than ever

As Fig.6 shows, serviced apartment usage is growing, especially amongst TMCs and RMCs, 60% say usage is growing for relocation and assignment work. Corporates say their serviced apartment usage for business travel has remained static, despite the pandemic decimating business travel globally. 52% of corporates said their usage of serviced apartments for relocation was increasing.

Fig.6 Is serviced apartment usage growing, reducing or staying the same?



Source: Euromonitor International, Travel 2022 edition

Traveller preference, total cost of stay and wellbeing

Fig.7 How do you quantify the benefits of serviced apartments vs hotels

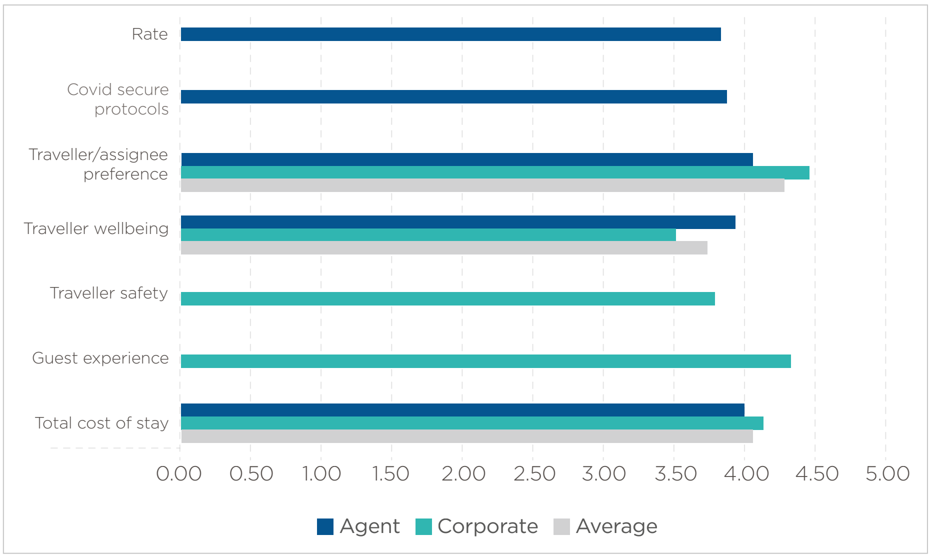
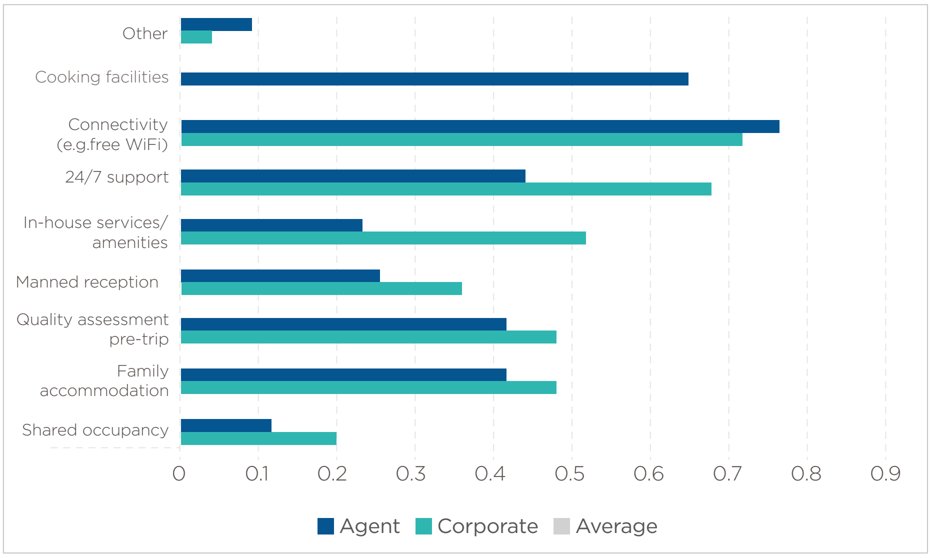


Fig.8 What matters most in a serviced apartment?



The main factors when choosing between serviced apartments and hotels are now traveller preference, total cost of stay and traveller/ assignee wellbeing.

Pre-pandemic, the top three determining factors were cost, price/quality comparison and location. This shows how travellers are being empowered to make their own choices by employers – providing they receive guidance on what 'doing the right thing' is.

Also unchanged since 2019 are travellers' essential requirements from a serviced apartment. As Fig. 8 shows, these remain connectivity, cooking facilities and 24/7 support.

Distribution and accreditation

Fig.9 Corporate & Agent survey respondents - how are serviced apartments booked?

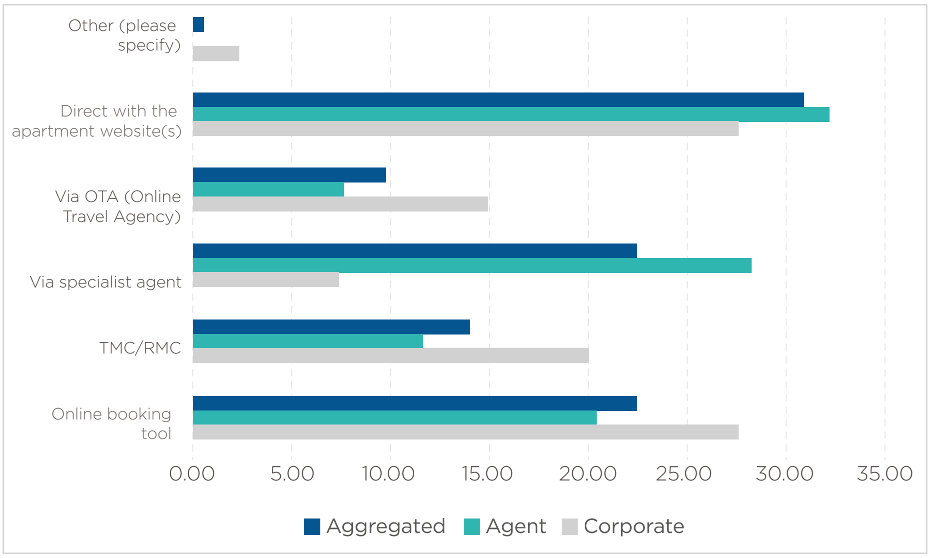
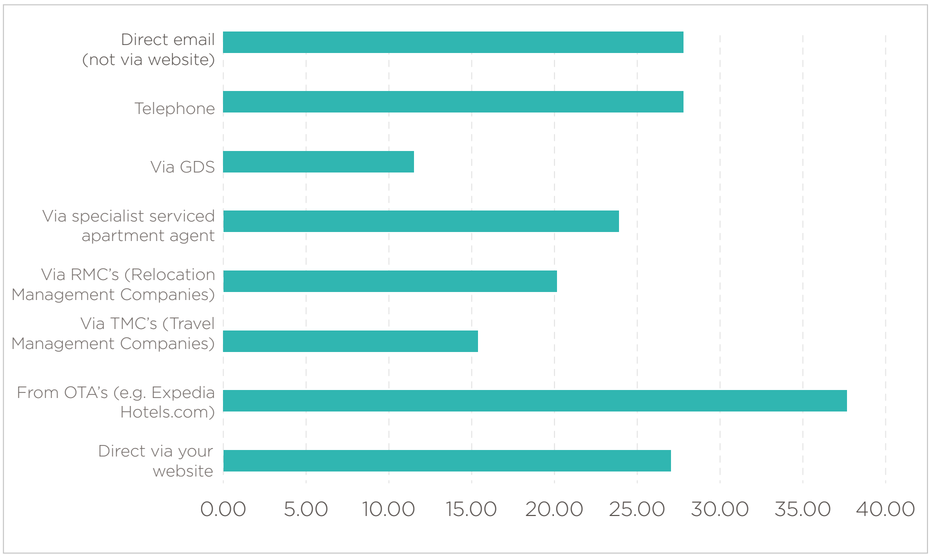


Fig.10 Operator survey respondents - % of bookings by channel



As Figs.9 and 10 show, the distribution landscape is highly fragmented. 28% of corporate bookings are made via operators' websites, making the OTAs a surprisingly popular channel for corporates, down from 38% in 2019. Operators confirm this, estimating that they receive a quarter of bookings via this channel. This suggests a high degree of ad hoc sourcing on the part of corporates.

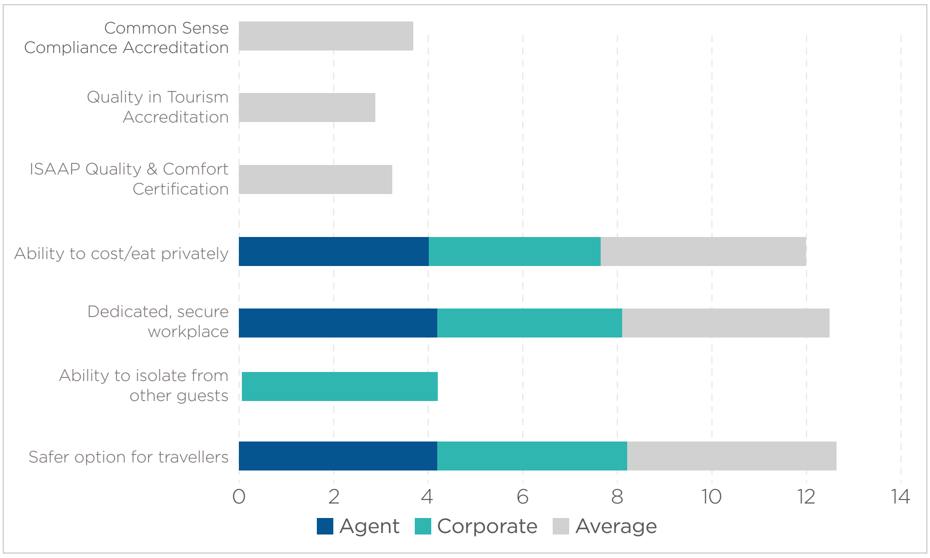
After OTAs, the next most frequently used distribution channel for corporates and agents is online booking tools, which account for 28% bookings, compared to 42% in 2019. This reflects the impact of the pandemic when travellers relied heavily on human support in sourcing Covid-secure accommodation. The same applies to TMCs, many of whom furloughed their staff during lockdown. 28% of TMCs now source serviced apartments through a specialist provider.

OTAs are making ground amongst corporates, 15% of whom now book extended stay through this channel. Operators confirm that OTAs remain the largest sole source of business, at 36%.

On the issue of accreditation schemes, many corporates are yet to be convinced. Only 20% see them as 'very important'; 40% regard accreditation schemes as only 'quite important' and a further 40% being neutral - or worse - on the subject.

By contrast, amongst operators' appetite for accreditation remains undimmed. 77% regard an industry-wide Code of Conduct as desirable; 55% as feasible 75% say compliance certification is desirable but fewer (67%) say it is feasible.

Fig.11 Factors impacting improved serviced apartment usage during pandemic



Although GSAIR normally focusses on longer term industry trends, in this year's survey we also asked corporates, agents and operators how the pandemic affected them.

Throughout this report, there is detailed testimony from industry professionals on this topic. Overall, their responses were as follows.

- Many operators saw business increase because they offered a safer option for travellers, dedicated, secure workplaces, the ability to cook and eat privately.
- Serviced apartment room nights were less affected than hotels due to fewer but longer trips. 68% of operators say they took market share from hotels in some or all locations.
- Extended stay rates still took a big hit. On average, ADR was 42% of published rates.
- There was an up-swing in the use of home rental products like Airbnb and onefinestay, driven by traveller choice.
- Post-pandemic, serviced apartments will be more popular than ever, providing operators meet travellers' and assignees' essential requirements, namely connectivity, cooking facilities, and 24/7 support.
- The biggest barriers to serviced apartments taking a greater share of corporate accommodation spend are a shortage of supply in key locations, inconsistent quality of existing supply, and the level of on-site and in-apartment amenities.

15% of corporates' volumes increased

Fig.12 During the pandemic, by how much did your serviced apartment room nights increase/decrease

Whilst 32% of corporates and agents reported that their hotel volumes fell by over half, the equivalent reduction in serviced apartments volumes was just 19%.

Whilst 38% of operators reported that booking volumes had fallen by more than half, 30% of corporates said their serviced apartment room night volumes fell by between 26 – 50% during the pandemic.

15% of corporates said their serviced apartment volumes increased because, compared to hotels, extended stay products provided a more secure place to live and work.

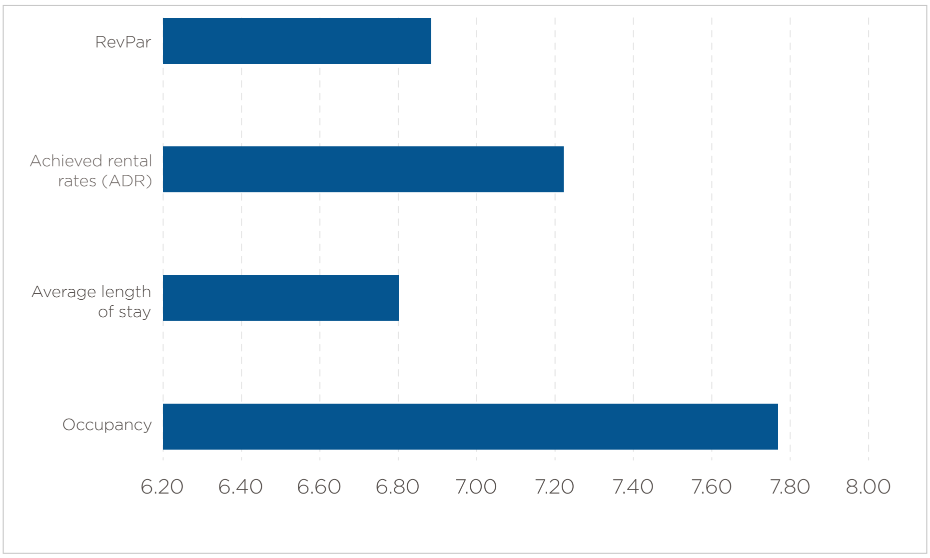
Respondents said this competitive advantage will continue. 66% of corporates and agents are confident that serviced apartments will be more popular post-pandemic.

Respondents also confirmed the trend for longer stays began during the pandemic. Stays of 1 – 3 months made up 45% of stays compared to stays of 14 – 30 days which accounted for 25% of stays. Stays of 7 – 14 days made up 16% of stays, compared to 8% pre-pandemic.

17% of operators reported increases in length of stay between 16 – 50 days, although 13% reported decreases of 26 - 50%, reflecting tighter restrictions in some regions than in others.

Operator sentiments

Fig.13 Operator optimism for future...



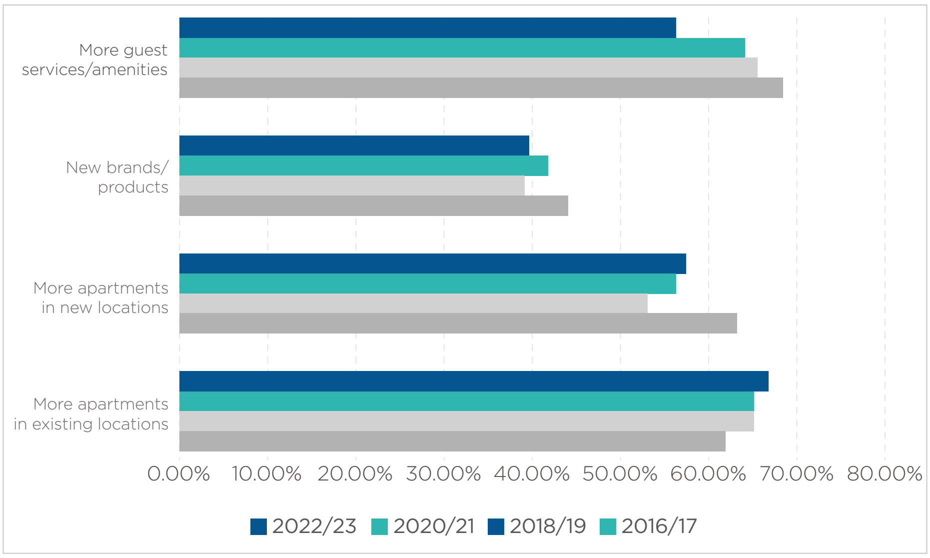
Looking ahead, serviced apartment operators are also positive. As Fig.13 shows, they are most optimistic about occupancy and average daily rate. This is corroborated by contemporaneous research by Savills which showed 77% of respondents expecting occupancy levels to return to 2019 levels before the end of 2022. 81% of respondents believe serviced apartments are better positioned to outperform the wider hotel market.[8]

That same optimism is reflected in operators' expansion plans, as Fig.14 shows. Since 2016/17, operators have reported the intention to open more apartments in existing locations, with 68% of operators citing this as their basis for upcoming expansion - the highest yet.

56% of operators plan to open in new locations, a third consecutive increase but less below the 62% recorded in 2016/17.

In contrast, although 39% of operators plan to launch new brands or products, and 56% plan to introduce new guest amenities, both are the lowest scores reported in the six years.

Fig.14 Operators intending to expand...



appartcity.com

8. https://www.savills.co.uk/insight-and-opinion/savills-news/316405-0/serviced-apartment-occupancy-could-fully-recover-in-the-next-6-18-month#:~:text=74.6%25%20of%20respondents%20expect%20occupancy,outperform%20the%20wider%20hotel%20market.

Competitor presence is now operators' top criteria when choosing a new location, followed by planning issues and the price of property, as Fig.15 shows.

Asked to rank each criterion from 1 – 5 in order of importance, the importance of local corporate demand and cost of property acquisition fell from a mean of 3.3 and 2.9 to 1.6 and 1.8 respectively. Competitor presence scored a mean 2.4 and planning issues 2.1 compared to 2.1 and 1.8 respectively in 2020/21.

Then barriers to operators' expansion plans reflect minor change over those reported in previous GSAIRs. Asked to quantify the degree of change needed in each area, where 100 means a total overhaul is needed, the overall picture is of a need for greater regulation, especially around the quality and security of serviced apartment products, and in the harmonisation of agency commission rates.

Interestingly, despite greater regulation being a key change required to facilitate further sector growth, fewer operators feel compliance certification is desirable (75% compared to 80% in 2020/21). However, more believe such certification is now more feasible (67% compared to 59% in 2020/21).

Fig.15 Operators survey respondents - key criteria when selecting a new location

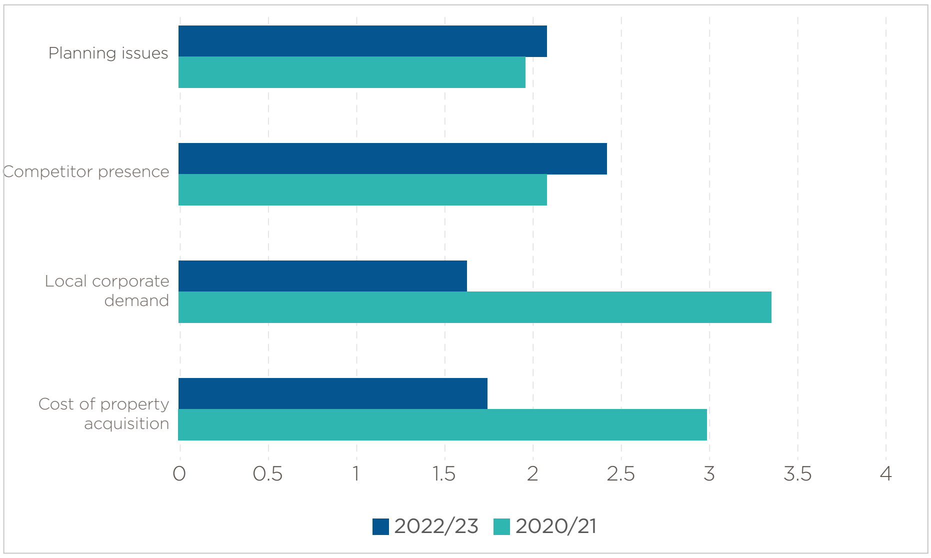
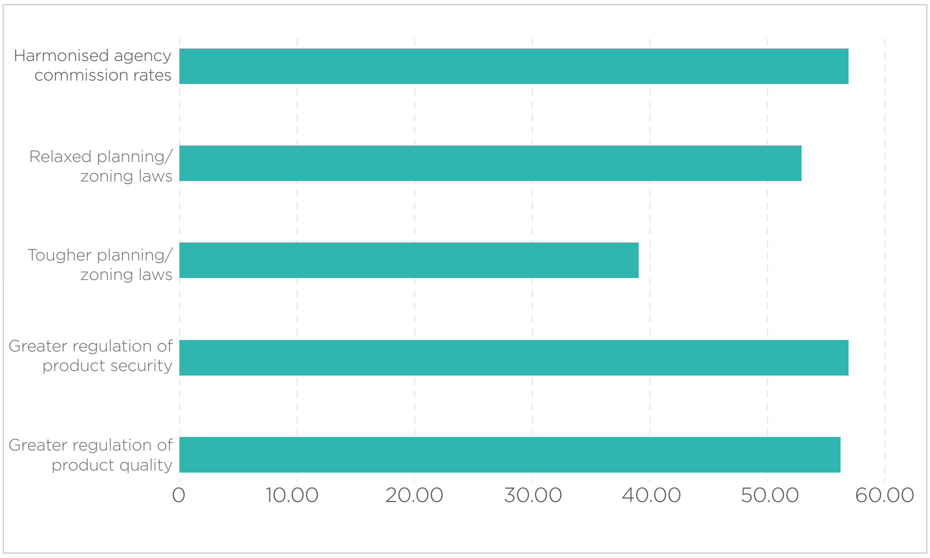


Fig.16 Operators survey respondents - changes required (100 = complete overhaul)

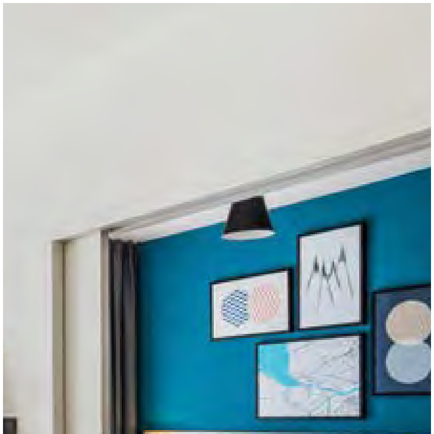


Summary

The results of the 2022 GSAIR survey show that, pandemic aside, much remains the same in terms of consumption of extended stay accommodation and operators' forward planning.

However, the survey helps to set the stage for the in-depth commentary you will read in the subsequent pages of this report. The requirements of corporate travel or mobility managers, TMCs, RMCs and travellers themselves are clear; operators failing to deliver do so at their peril.





A changing market?

By Mark Harris

In his commentary earlier in this report, Charles McCrow outlined some of the mega trends driving the new normal. We invited some leading industry professionals to share their thoughts on these issues.

Changing travel cultures

Covid supercharged some pre-existing changes to travel culture and created new ones too. The hiatus allowed corporates to re-assess why and how they travel, and to adapt their travel policies to reflect organisational Environmental, Sustainability and Governance (ESG) objectives.

In autumn 2021, a Bloomberg survey found that 84% of large businesses in the U.S., Europe and Asia planned to spend between 20 – 40% less on travel post-pandemic. The Global Business Travel Association estimated spending on corporate trips could fall to $1.24 trillion by 2024 from a pre-pandemic peak in 2019 of $1.43 trillion.[9]

The prognosis for business travel is unclear. Some say the sector will recover to 2019 levels by 2024; others say sooner. But, when the bottom-line savings realised by corporates through not travelling during the lockdown, and the fact that 71% of people prefer working from home and 58% believe they are more productive when do so, are taken into consideration, the chances of volumes returning to the old normal are equally remote.[10]

Changing travellers' needs

Changing traveller priorities have manifested themselves in serviced apartment operators providing more frequent and deeper cleans, greater flexibility in cancellation policies, and contactless check-in.

What else has changed? Declan Fitzhenry of CityStay says the lead time between booking and checking-in is the shortest he's seen, but questions whether this is a long-term phenomenon. Instead he pinpoints sustainability as a key factor in decision-making going forward.

"Clients are increasingly prepared to find different suppliers if existing ones don't place emphasis on carbon emissions, waste management, or energy suppliers. This green ethos is being embedded into company values and is necessary for the next generation of workforce" says Declan.

"As operators in this space, we must adapt to that, adhere to those sustainability policies, and believe in them, otherwise it's not going to work. We have already seen some exits from the market and will see consolidation amongst those that aren't prepared to adapt to those changing travel cultures."

Robert Alley of Roomzzz Aparthotels agrees that the long stay market has evolved. *"Operators have established credible brand platforms, improved distribution, and created better service models for customer journeys. The sector standards for facilities like living space, kitchens and dining are not found in a conventional hotel room."*

Alley says that divergence, choice, and growth are evident as the market expands and increases its share of travel by appealing to different consumer markets.*"Independent spaces or purpose-built aparthotels, branded or unbranded, operators are each finding their own paths to success."*

citystayuk.com

citystayuk.com

9. https://www.bloomberg.com/news/features/2021-08-31/will-business-travel-come-back-data-show-air-hotel-travel-forever-changed
10. YouGov poll for The Times Jan 2022 - https://www.thetimes.co.uk/article/never-return-to-office-home-working-lockdown-mnqv0lzs7

More choice

The extended stay sector now offers more choice of accommodation than ever before. From serviced apartments, corporate housing, short term rentals and co-living, to home share and buy-to-rent. Short-term rentals, and aparthotels all saw higher occupancy during the pandemic because, like serviced apartments, they offered self-contained living spaces.

This trend predates but has been accelerated by the pandemic. Although each product type has distinct advantages and drawbacks, are any of these options gaining traction amongst corporates?

Alex Neale of SilverDoor highlights co-living as a product now winning favour, *"primarily due to the profile of the traveller, who is a bit younger and wants to engage more with their locations and the people in the same building."*

Co-living has continued to grow as more people use it, whilst there's a slightly different customer profile for spaces where the accommodation and the sleeping quarters are much smaller than you would expect in a hotel or serviced apartment."

"Co-living residents have a different mindset. They only need to think of themselves, their laptop, the Wi-Fi and, where they're going to work. So, they're more ready to engage with their environments."

"Serviced apartments are still corporate clients' preferred option because of the space and privacy unavailable in a hotel, although Alex confirms that other product types are being used, "depending on how you interpret 'alternative accommodation.' It's down to what fits each client's needs."

"From an agent's perspective, there's no one-size-fits-all solution. Corporate housing and short-term rentals are terms that mean different things to different people. They cover such a broad range of products it must be even harder for clients to understand."

Location trends

During the pandemic, there was a move away from stays in city centres in favour of suburban areas. This came mainly from relocations and long-term secondments, as SilverDoor's Wesley Shelling explains.

"Often the assignee was moving to another country and working from home. Here we saw a shift towards temporary living in a suburban location, especially among families who wanted to be closer to schools than their offices."

The data also indicates that this shift in location was a temporary trend, as the heat maps (which show a proportionate spread of reservations over time) in Figs 17 - 27 indicate.

StayCity.com

Fig.17 Booking hotspots - London and surrounding suburbs 2019

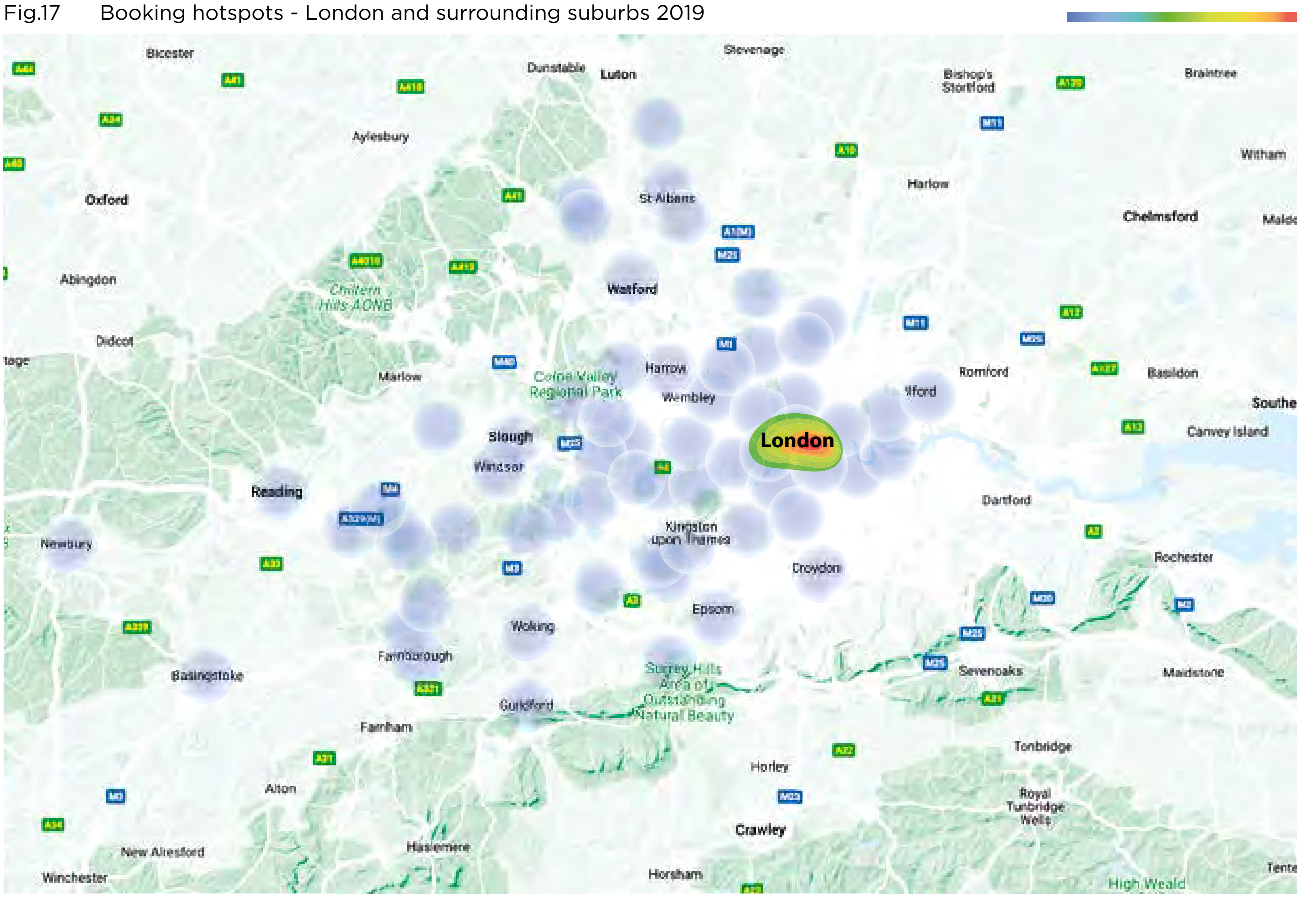


Fig.18 Booking hotspots - London and surrounding suburbs 2020

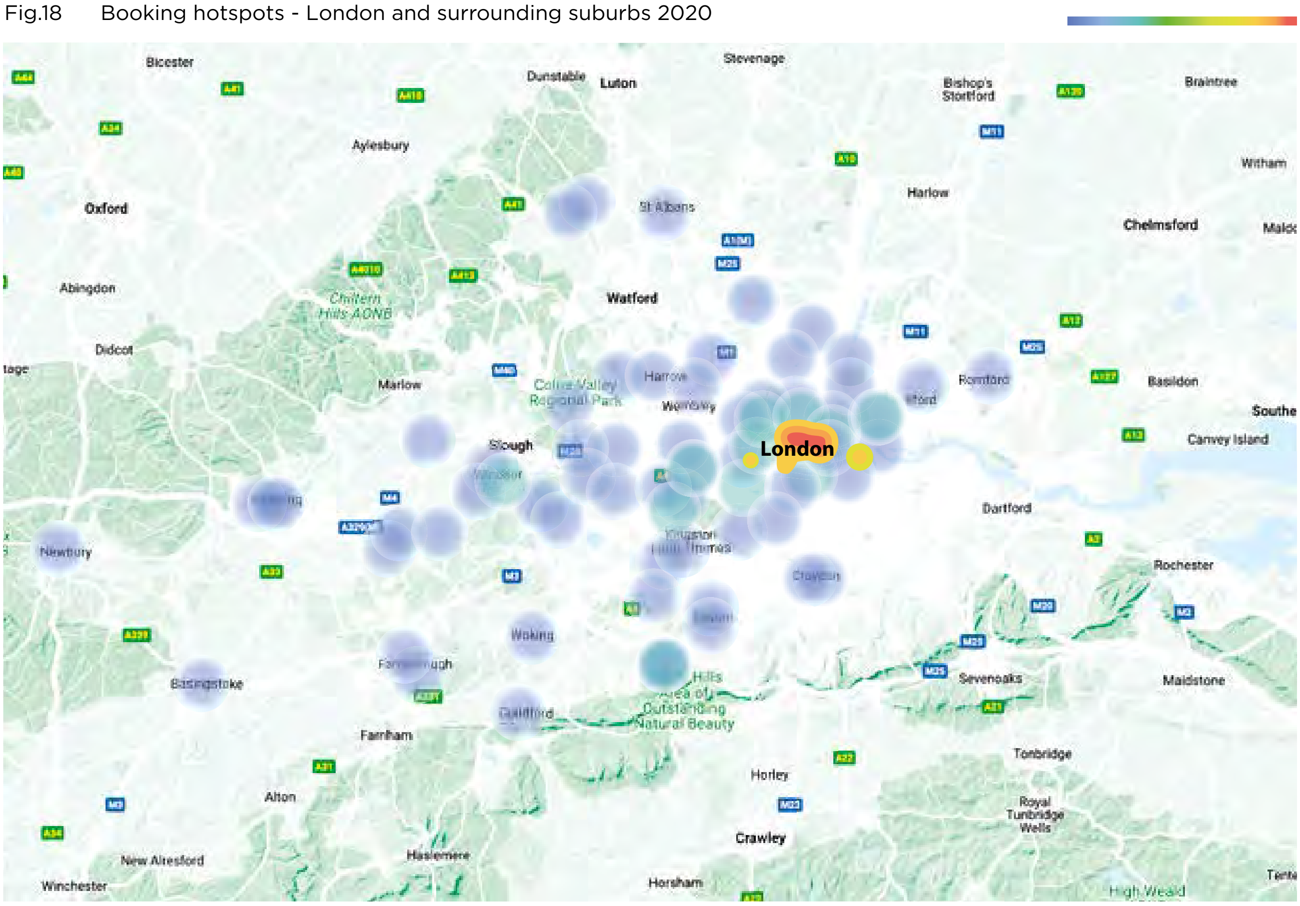


Fig.19 Booking hotspots - London and surrounding suburbs 2021

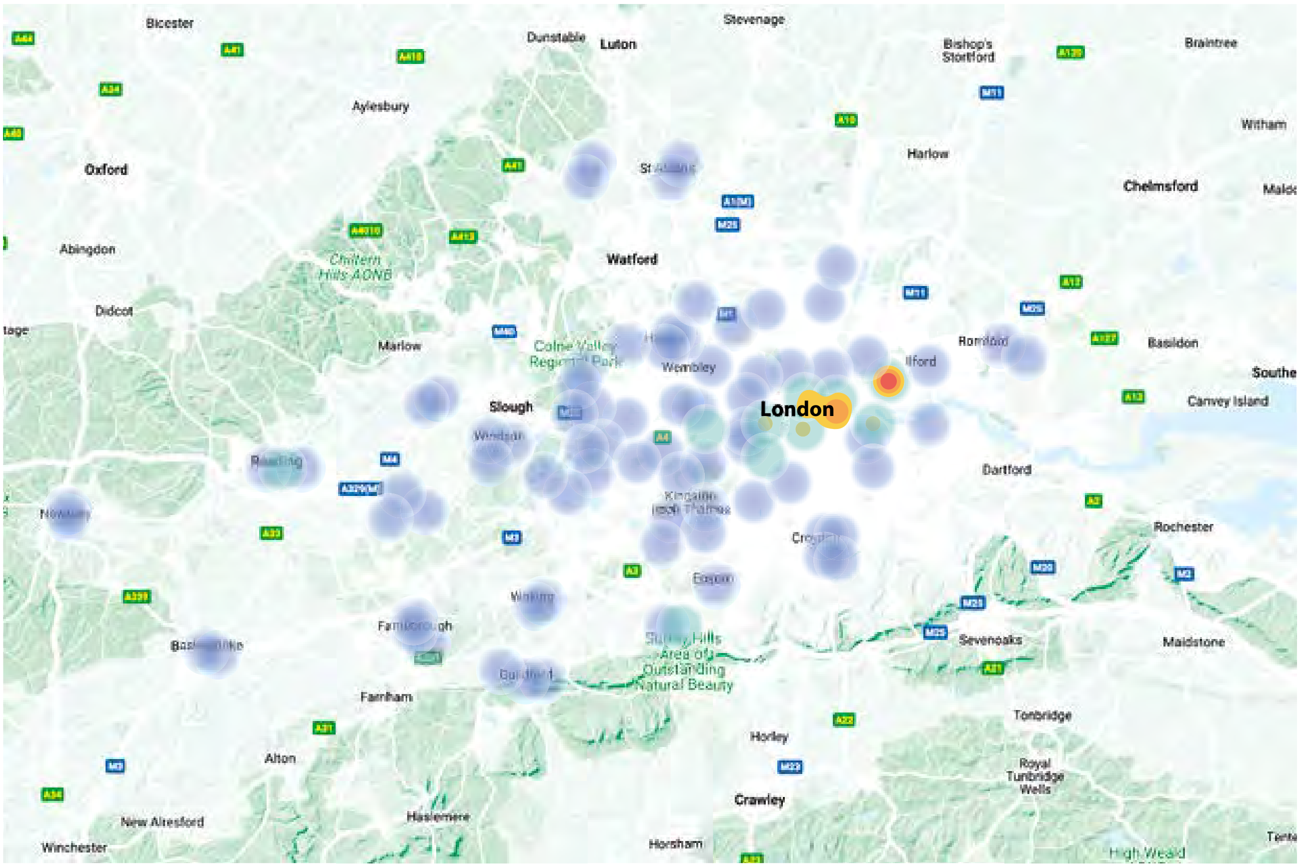


Fig.20 Booking hotspots - London and surrounding suburbs 2022

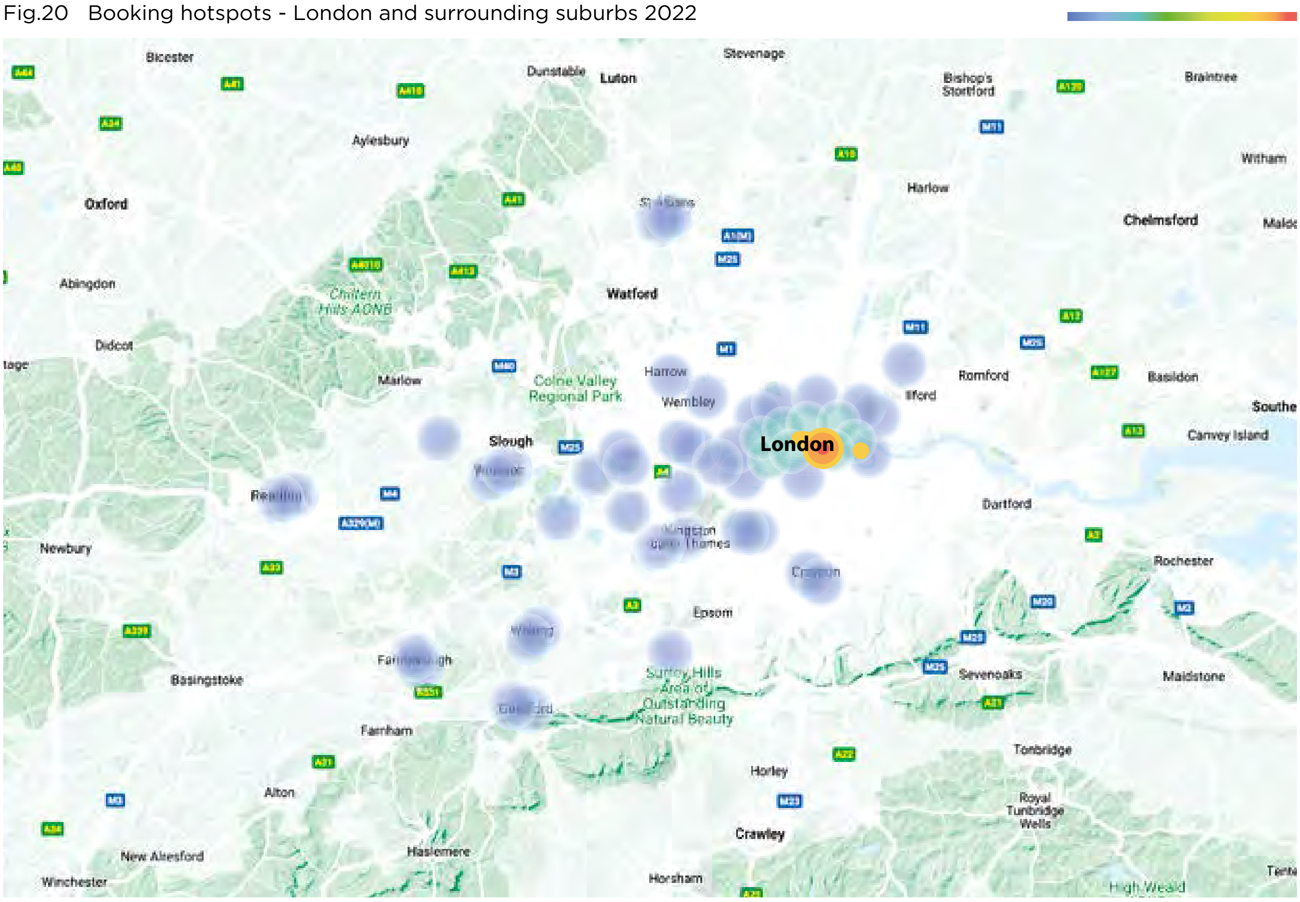


Fig.21 Booking hotspots - Manchester and surrounding suburbs 2019

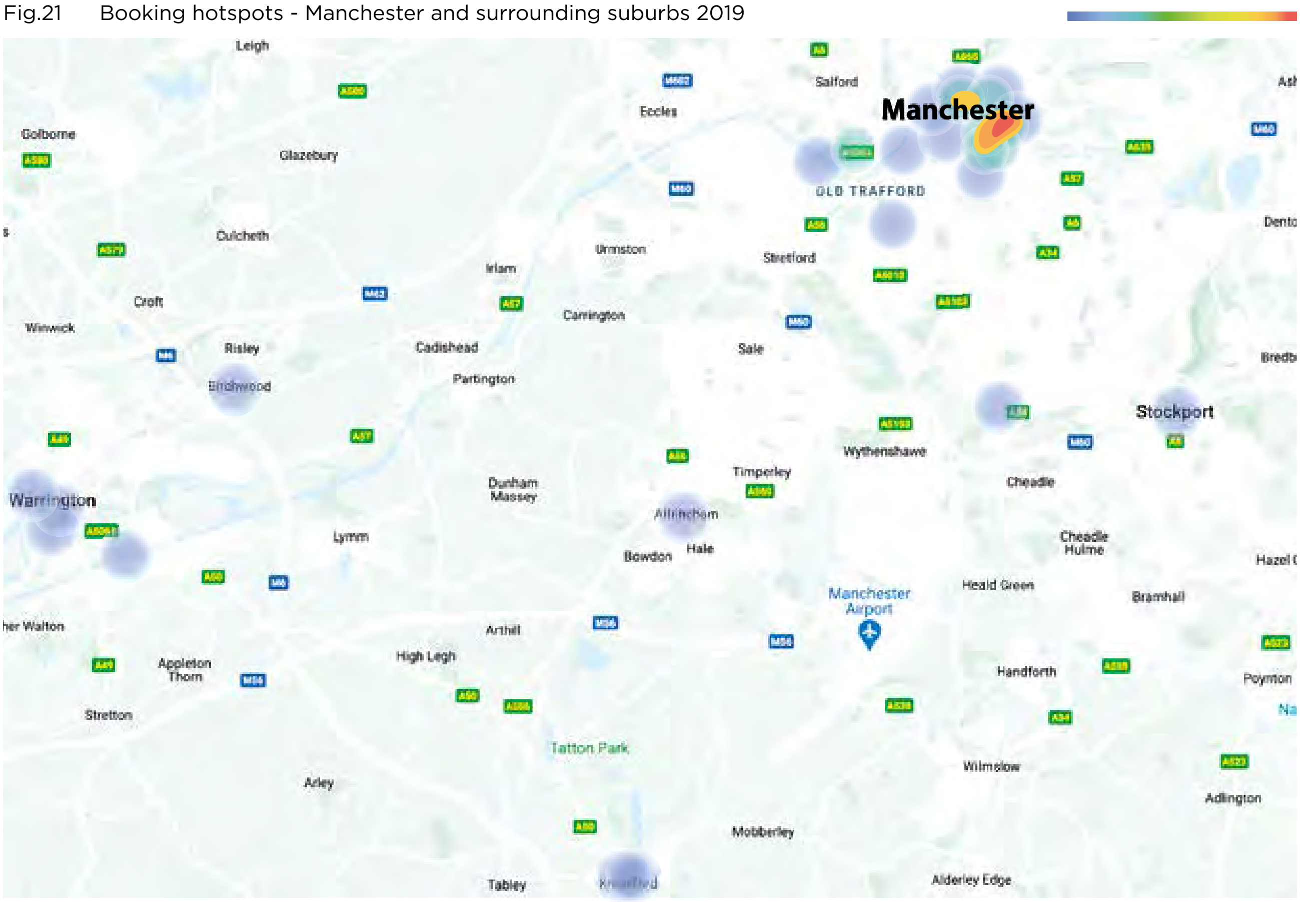


Fig.22 Booking hotspots - Manchester and surrounding suburbs 2020

Fig.23 Booking hotspots - Manchester and surrounding suburbs 2021

Fig.24 Booking hotspots - Manchester and surrounding suburbs 2022

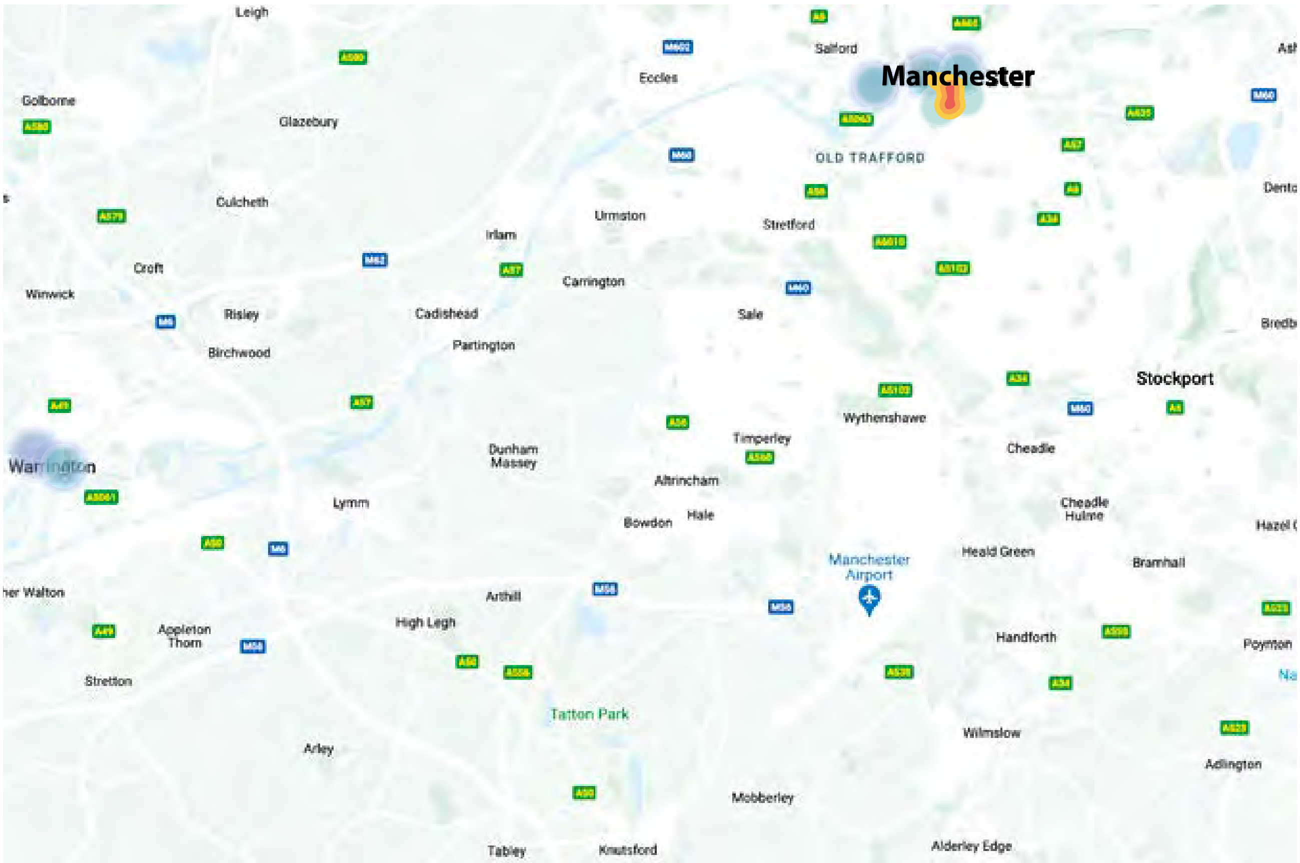


Fig.25 Booking hotspots - UK excluding London 2019 vs 2020

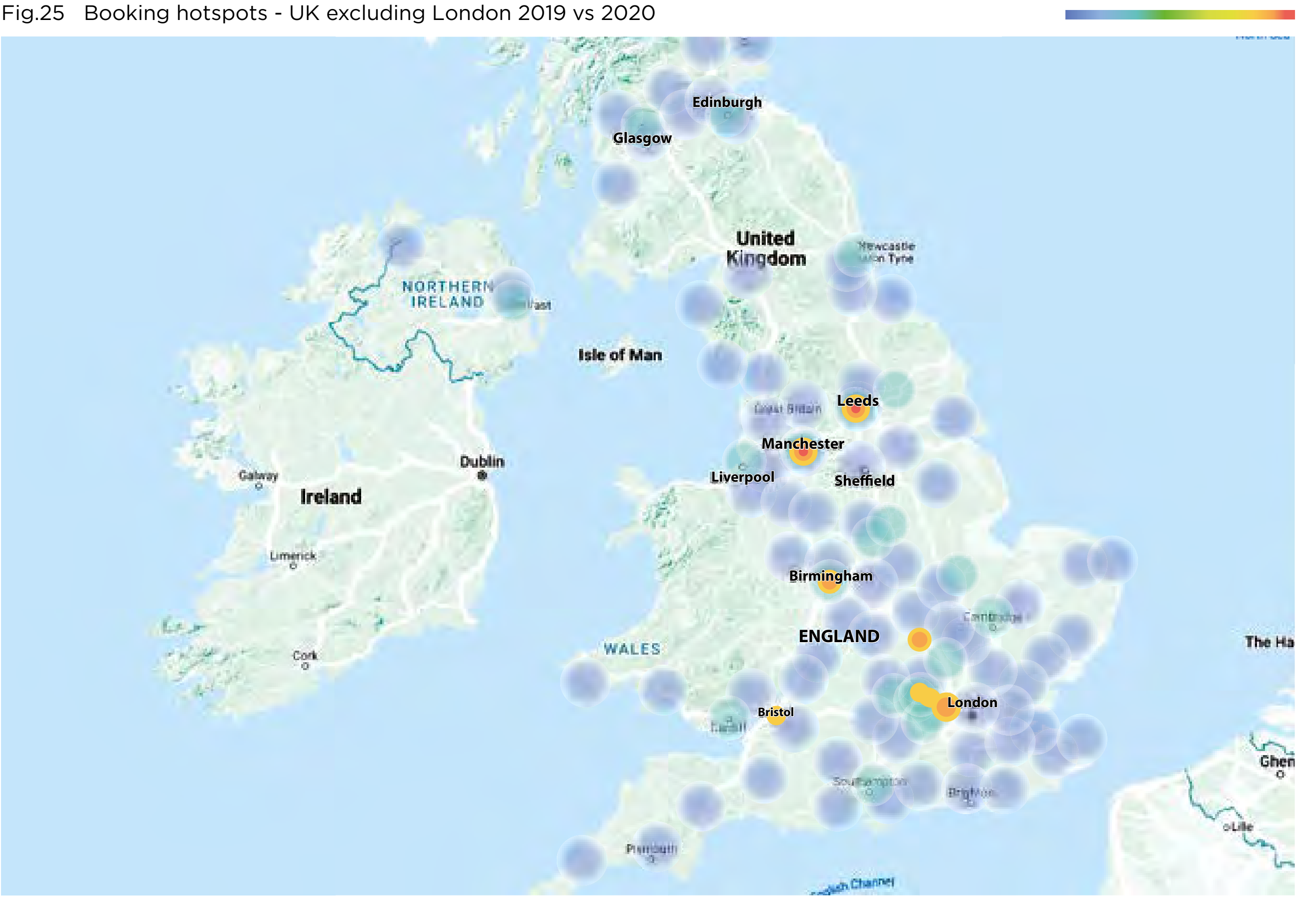


Fig.26 Booking hotspots - UK excluding London 2020 vs 2021

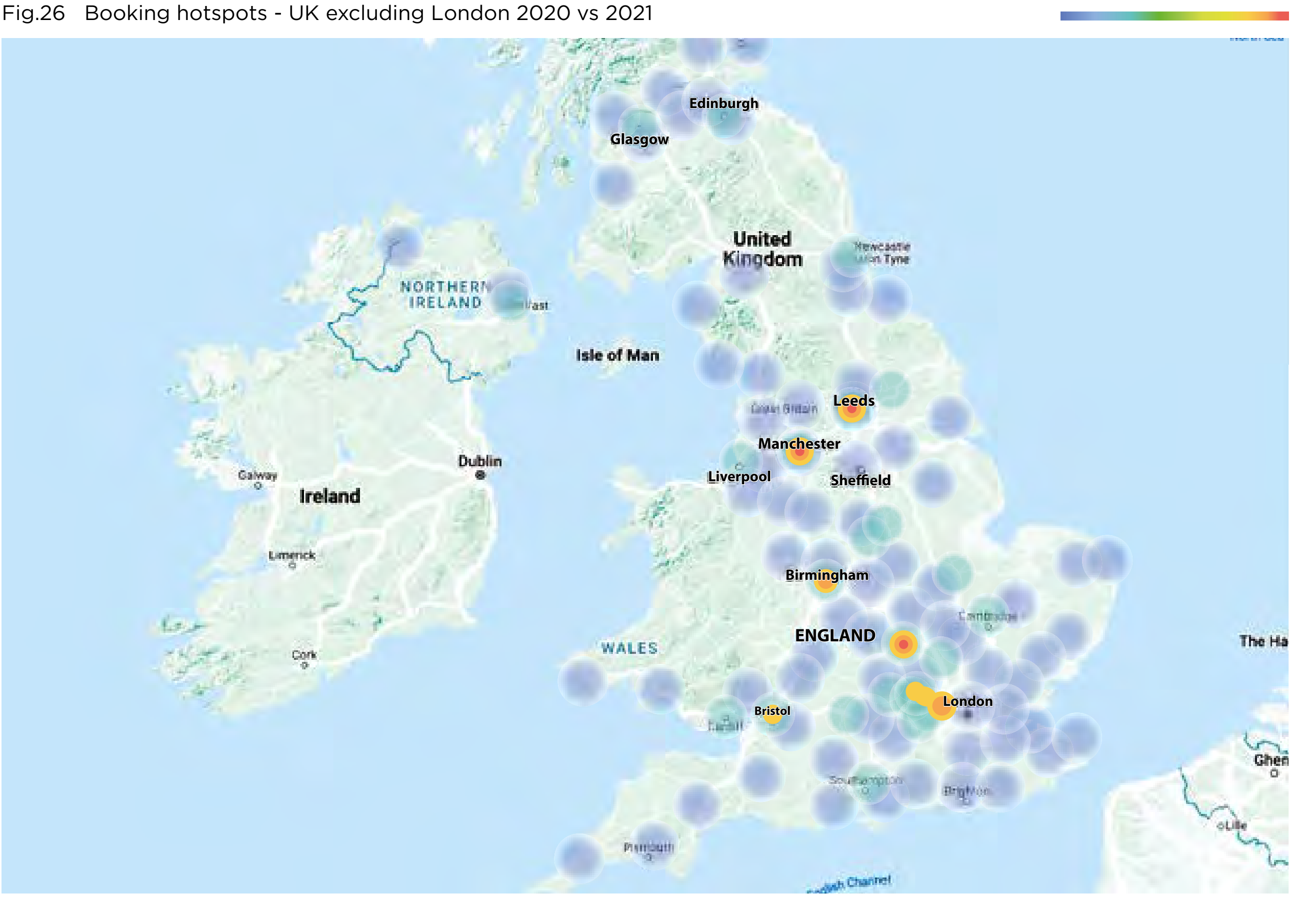
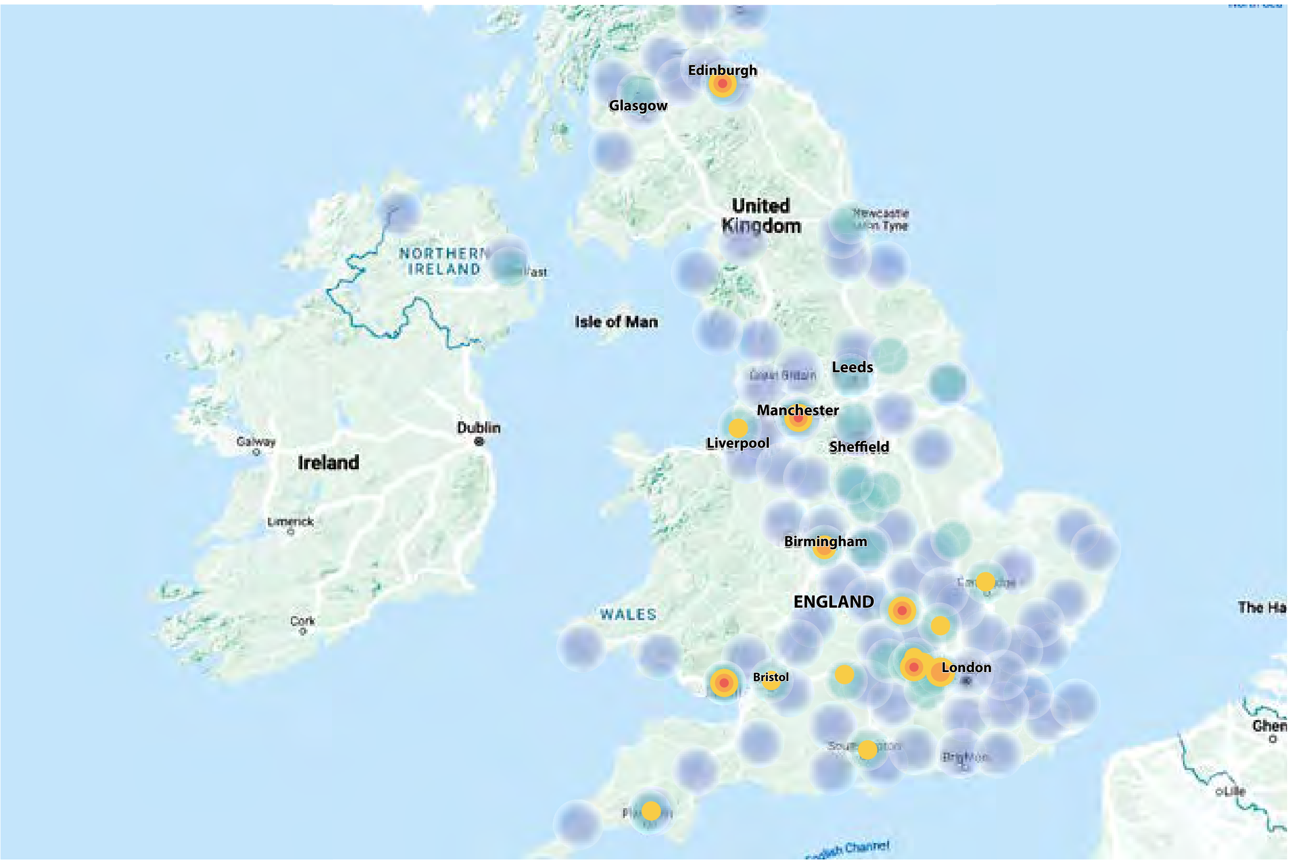


Fig.27 Booking hotspots - UK excluding London 2021 vs 2022



Other demand factors

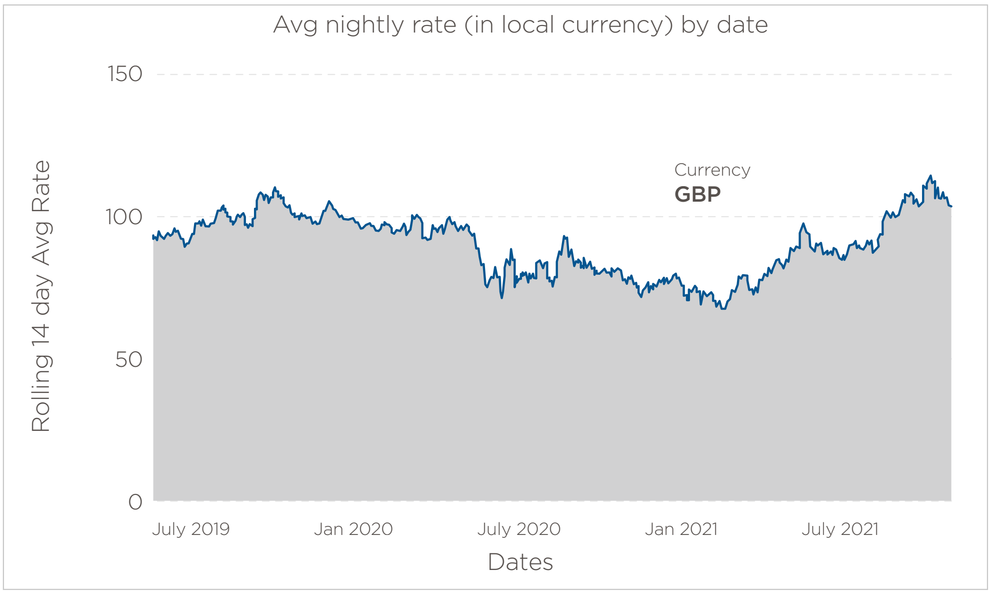
Wesley points out that remote working is here to stay. *"A secondee may be travelling to the office just one or twice a week. Transient travel, as it recovers, goes mainly into city centres."*

"Many cities have a strong rental market anyway. It takes longer for an assignee to move out of temporary living and into long term accommodation, so we're seeing demand for extensions and the average length of stay therefore increases."

"We are operating in markets where the number of unoccupied units has not yet returned to pre-pandemic levels, although lots of new openings are taking place. Overall, we're seeing remarkably high demand, resulting in a sharp increase in the average nightly rate globally."

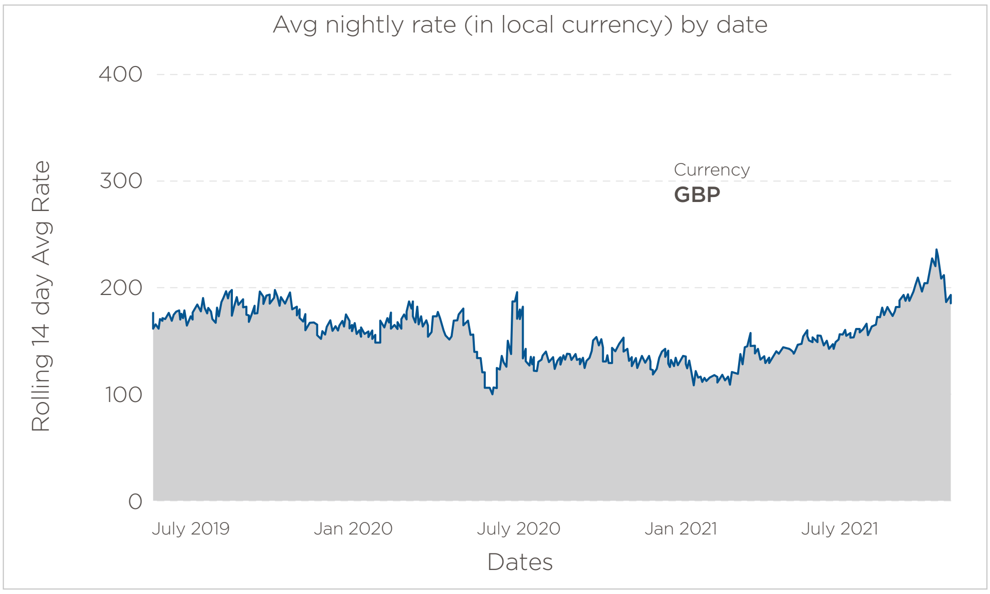
As Fig. 28 shows, supply, demand and rising operating costs have impacted on rates. Other than a natural drop in rates over the festive period, 2021 rates surpassed 2019's.

Fig.28 Average nightly rate for London – 1 bed apartments (14-day rolling average)



Source: Euromonitor International, Travel 2022 edition.

Fig.29 Average nightly rate for London – 2 bed apartments (14-day rolling average)



Source: Euromonitor International, Travel 2022 edition.

Consolidation and exits

The extended stay sector has seen exits, mergers and acquisitions as consolidation continues in both the agency and operating segments.

On the agency side, between 2020 and 2021 National Corporate Housing took on Bridgestreet's agency business, Oakwood's agency arm moved to Dwellworks and SilverDoor acquired The Apartment Service.

This leaves the once-widespread hybrid agency/operator model represented at any scale by National Corporate Housing, Oasis Corporate Housing and Synergy.

With the two biggest players (SilverDoor and The Apartment Service) now merged, it seems likely that further M&A activity in the agency segment will probably be restricted to bigger players acquiring niche businesses with a complementary skillset.

SilverDoor's Group CEO Stuart Winstone says that, whilst in decline, there is a still a place for the hybrid model. *"To be able to do it properly, you must be a big player in the marketplace and have the financial backing. If not, the agency side will be constantly fighting for resources."*

CityStay's Declan Fitzhenry agrees. *"There is some vulnerability in the short-stay agency market. When times were good, there was enough business to sustain several agents in multiple markets. Following the SilverDoor/The Apartment Service acquisition, I see similar moves where agents have a global presence."*

"Hybrid agent/operators could also be at risk where they operate under one brand. From the buyer's perspective, it raises confusion around who they are contracting with. You can be an operator and agent providing there are clear lines of demarcation in terms of branding and operating models."

The Forenom Group operates across the Nordic countries. In contrast to Declan Fitzhenry, Head of Operations Anton Kargaltsev sees a rosy future for the hybrid model.

"The hybrid concept gives an operator the best of both worlds, enabling expertise to be shared across concepts, creating novel approaches to tackle old problems. For traditional operators, the agency model can be an effective way to reach new markets with minimal investment."

As for the operator segment, Stuart Winstone believes that despite the pre-pandemic trends towards aparthotels and smaller apartment units, *"We've always loved traditional serviced apartments' space, full kitchens and washing machines but were concerned that that was declining a bit."*

"The pandemic demonstrated the value of longer stays in operators' business mix. Several operators have really grasped this and have taken steps to ensure that larger, fully equipped apartments remain a core part of their portfolio."

SilverDoor and TAS

Why did SilverDoor buy The Apartment Service? Stuart Winstone is candid. *"TAS was one of our biggest rivals. It had been winning customers that SilverDoor wasn't, so clearly it was doing something well."*

"When considering an acquisition, I'm looking for something that's missing from or could improve Habicus Group. The Apartment Service was the clear leaders in Iberia and LATAM. APAC was important too because combining the TAS and SilverDoor teams out there made us the leading agent in the APAC region by far."

"We are always keen to grow our supply chain. Despite a lot of crossovers in the two supply chains, there are unique relationships that TAS holds that we wanted to bring into the group to expand the breadth of options for our combined client base."

The two brands were merged in April 2022. *"Customers told us that they only want single bids from the group, which is what we have done. When we acquired Citybase in 2016, it was quickly transitioned completely to leisure, leaving SilverDoor as our corporate-facing brand."*

Stuart and his team are now restructuring the group into two core pillars, agency services and consulting services. *"The SilverDoor Apartments brand and our online booking tool Orbi will sit within agency services together with Domus Stay, which is a joint venture with Domus Nova, the bespoke luxury design-led London homes that we make available for short term stays."*

"The consultancy division is being re-branded and will be focusing on training services, consultancy for apartment operators, an administrator service for relocation management companies that want to offer a multi agent approach to service department sourcing, and GSAIR."

Winstone believes his company is ideally placed to deal with changing demand trends. *"We're already in a great place as the world's number one independent agency. We want to retain that position and maintain our competitive advantage by investing in our technology."*

"Above all, we want to be closer to our customers all around the world. So look out for new office openings and new acquisitions where it complements the group as it is today."

Buyer, Supplier and Agent - different perspectives on the extended stay market

By Mark Harris

Perspective helps us to understand situations from other positions, to consider other opinions, experiences, and viewpoints, which in turn gives us all a better understanding.

In this article, four industry professionals – a corporate buyer, a serviced apartment operator, a TMC and a specialist serviced apartment agent provide their perspectives on the sector post-pandemic.

Buyer

Claire Bourke, Global Mobility Manager, Latham & Watkins

Claire Bourke is based at the Bishopsgate office of law form Latham & Watkins. Founded in Los Angeles in the 1930's, Latham & Watkins advises clients across a wide spectrum of transactional, litigation, corporate and regulatory areas. The firm has 32 offices worldwide.

My team manages cross-border short term assignments and relocations for the firm's 6,500 employees, from junior staff to partner level. Most of our bookings are for 30 nights, which go into our main hubs of London, New York, LA, Hong Kong, and Singapore.

Our volumes in Hong Kong have dropped off since the pandemic started as our clients exit Hong Kong in favour of other hubs in the region, such as Singapore.

Although serviced apartments make up a relatively small percentage of the firm's overall travel spend, they account for a significant part of our overall relocation spend. Especially when you consider the cost of household goods like furniture and white goods has quadrupled since the pandemic began.

To counter this, we are having to extend stays, even in places to where we can't get people's goods. That means putting rental furniture into properties assignees are renting. With any assignment or relocation, the goalposts often change, which puts pressure on my team of three. That's why we need our serviced apartment providers to be flexible and fast responders, particularly if we need to extend a stay at short notice.

The value of an effective agent

We have worked with SilverDoor for some time. They are responsive, which helps us to organise better and quicker.

They understand what our people need and communicate effectively. In the law, it's about time spent and everything is 'on the clock,' so we need to get answers to our people as quickly as possible.

SilverDoor also ensures that the accommodation they source meets the quality standards we have set in partnership with them. Any new suppliers we trial whose product or service isn't up to these standards won't be used again by us.

Legacy of the pandemic

During the pandemic, we didn't have enough providers in our required locations. One vendor was not enough so we had to approach other vendors direct to find more available stock.

Pre-pandemic, we never had to pay for add-ons like cleaning services because they were already included in the overall cost of the apartment. During and since the pandemic, we now have to bear these extra costs too.

We no longer pay our invoices in advance of a stay because things can change. For example, sometimes a stay can be put back for months at a time. Credit notes only complicate the process for the firm internally.

We have relied heavily on our vendor partners over the last couple of years. They have helped us out then so, whilst we are seeking our additional partners, we want to build deeper relationships with both existing and new vendors. It's a two-way street.

Understanding our needs

We shy away from Airbnb and its competitors because they don't offer the degree of flexibility we need or have any real understanding of corporate needs.

Instead, our serviced apartment programme is mushrooming, thanks to a combination of more colleagues using them and requesting them and because the firm is growing exponentially, so we're hiring more people.

Brand isn't that important to us, but we need our vendors to have substantial stock and understand our company culture. They need to know that the people we move mainly want to be within a fifteen-minute walk of the office. They also expect an elevated level of service.

Room for improvement

Although serviced apartments are increasingly popular with our travellers, some aspects of the industry need to change if it is to take market share from hotels. In the US, pricing needs to be more transparent. I just want one price and that's it.

More operators need to provide the same level of detail about their accommodation that SilverDoor does, such as pictures of the apartment building as well at the apartments themselves and a map showing where the building is in relation to local shop and transport.

Accurate invoicing is another bugbear for me, as is the fact so few serviced apartment operators seem to partner with car and taxi services.

We need more apartments in our locations

Over the next 12 – 24 months we will diversify more in the US, so we will need more options there and in locations like Tokyo. New York is a real pressure point for us now due to shortage of inventory and it's insanely expensive.

We will grow our serviced apartments volumes even further but focussing on those of a better quality that provide a higher degree of personal service.

Supplier

Dean Schreiber, CEO, Oakwood

Dean Schreiber is Chief Executive Officer at Oakwood Worldwide, overseeing a global portfolio encompassing over 13,000 serviced apartment and corporate housing units across eight brands. His key responsibilities include the growth of the group globally.

It's quite interesting where we are today. Before Covid, we had a nice blend of short stays of a month to long stays of twelve months or more. Ever since, short stays have become longer whilst the long stays have become shorter.

Now that folk are travelling again, that trend will continue, although I predict relocation contracts that involve companies moving entire families will die down. Instead, assignments will be shorter with assignees staying for three months or so before returning home.

Short stays will get longer because people aren't going to come for just a few days anymore. When I travel on business now, I stay longer and make the trip really work for me. So, short, stay longer; long stay shorter.

Focus on flexibility

Oakwood was geared up for the pandemic well before it hit. Our focus was already on flexibility in changing pricing and producing creative solutions to fit with the different demand trends, being creative and still giving great customer service despite a shortage of staff.

Staffing wasn't a problem solved by throwing more money at it. in many geographies, the staff simply weren't there. In others, the allowances our staff were receiving to stay home outweighed their salaries. In situations where we relied on foreign workers for housekeeping or back-office roles, it was hard to find people to fill those roles, so we did the work ourselves.

Business or Leisure, the extended stay model is carving a greater share than it's ever seen before. Our greatest point of difference has become the unique driver which allows operators to thrive across multiple markets. A mainstream position against traditional hotels across all the distribution channels with attractive brands will guarantee further success as the world emerges from recent challenges to grow once more.

Robert Alley, Roomzzz Aparthotels

Size (may) not matter

The million-dollar question right now is what type of properties we bring on going forward. We're opening 20 properties in 2022, a lot of which were planned pre-pandemic.

Right now, opening two or three-bedroom apartment units would be taking a significant risk because I don't think those big family moves are going to happen in our space. Instead, have a one-bedroom apartment with one or two interconnecting rooms. Room stock has got to be flexible.

Competitive landscape

Brand is becoming more significant in the serviced apartment sector. Previously, serviced apartments were the poor relation to hotels, who had the brands with which everyone was familiar.

Now, growth in demand is pacing well for serviced apartments. We and our competitors all have more properties these days so we can be effective with our brands.

Brand is important because consumers want reassurance. Airbnb spent a lot of money marketing their platform, but people are gradually shifting back to branded properties because they are safe, clean, and efficient. There's a sense of comfort in staying at a branded property rather than in somebody's house, where you don't know who's been there or what's in the drawers.

Serviced apartments are mainstream now

Airbnb showed the world that there was an alternative form of accommodation to hotels. That's interesting because people have been renting out their spare room for centuries. What it means is that serviced apartments are mainstream now.

The trend for 'alternative accommodation' products is driven by wanderlust and a thirst for new experiences. It has also been driven by owners who have seen the returns on a serviced apartment outweigh the returns on a hotel. We get better GOP margins because of serviced apartments' low-cost operating costs, whilst we can command higher rates because we provide more space.

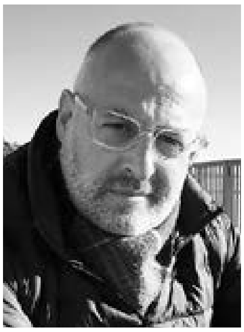
The serviced apartment model has also proven resilient throughout economic downturns and a pandemic. They come with a ready-made exit strategy because owners can sell individual or multiple units, or they can be converted into residential apartments. That makes extended stay an attractive proposition.

Choice fuelling demand

A serviced apartment remains a foreign concept to a lot of consumers. Those converted become real advocates. Now, there's even more choice out there; it's easier to come to market using digital channels, which is the language Millennials and Gen Z understand.

The key for our sector is getting three or four emerging non-hotel brands in our space to be recognised by consumers. The likes of Marriott have 67 brands in house; that's what consumers are confused about. In contrast, we have one core brand.

The extended stay sector needs to guard against becoming complacent. To maintain the competitive advantage given to us by Covid, we need to expand our target audiences. We must be innovative, price right and benchmark by revenue per square foot instead of by average daily rate. Every space in every apartment needs to be profitable.



Agent (TMC/RMC)

Steve Banks, Chief Commercial Officer, Agiito

Steve has worked in corporate travel and meetings for over 30 years, holding roles across account management, consultancy, business development and his current role of Chief Commercial Officer at Agiito, the UK's 10th largest travel management company.[11]

Serviced apartments are now being used more by corporates, but they haven't yet made it onto accommodation RFPs to any significant degree.

Lots of corporates rolled their 2019 programmes into 2020 and then 2021 because they didn't know what demand levels were going to be. Ever since self-catering accommodation was re-opened by government, we have seen serviced apartments usage on the rise. Serviced apartments were felt to be a safer option than hotels, so adoption amongst corporates has grown.

At Agiito, we are sourcing serviced apartments on an ad-hoc basis rather than negotiating annual serviced apartment programmes for our clients. That's partly because most programmes concentrate on shorter, transient trips whereas serviced apartments lend themselves to longer stays.

11. https://www.businesstravelnewseurope.com/Europes-leading-TMCs/2021/UK/Agiito

Typically for us that's 14 days, of which there are much fewer in most organisations. The volumes simply aren't big enough to justify inclusion in hotel programmes.

We've got a lot of customers in the utilities, transportation and infrastructure industries, whose work is mainly on long stay projects. They're often working outside on long shifts. They're returning to the apartment at the end of the day, so they want more of a home from home.

Back in 2018, serviced apartments represented around 2% of clients' accommodation spend. Now, extended stay accounts for 5.3% of our clients' aggregated accommodation spend. However, whilst demand has doubled, extended stay remains a relatively small market.

Understanding the difference between short- and long-term guests

We're fortunate with the partners we work with, including SilverDoor, who have ready access to inventory for large groups.

The advent of the Airbnb model has highlighted the need for property operators to understand the difference between short- and long-term guests. With the latter, they need to react quickly when plans change. It's no good sending an e-mail and hoping that a problem will be sorted the next day.

As a TMC, we rely on receiving commission but not every apartment provider pays commission, so that impacts both our commercial model and our individual customer agreements.

Cost vs. Sustainability

Every customer is different. We know sustainability is a key factor, and carbon emissions from a serviced apartment are reported to be lower than modern traditional hotels. Cost remains important though, and customers are pleasantly surprised that an apartment doesn't cost more than a hotel room.

Pre-pandemic, apartments were the bastion of the long stay traveller who wanted a home from home. Then corporate decision makers and travellers realized that serviced apartment providers went over and above to promote a safe Covid environment.

Suddenly they ticked a lot more boxes than hotel rooms although, by closing off public areas and restaurants, hotel guests were denied the use of these facilities. Cost became less important and was overtaken by wellness and the ability to work in apartment.

As business travel recovers, we had already seen an increase in short stay bookings into serviced apartments so there will be an increase in volume, but not at the pace we saw in 2021. Lots of Agiito customers like being in a hotel with a restaurant, and to be able to invoice that back as a whole so they don't have to recover expenses through the company's system.

Others don't like not having a check-in desk, which is fine for aparthotels but not those who require the customer to locate and open a key box, for example.

The next level

The challenge for apartment providers is what else can they do to increase market share.

They've hit a relatively low ceiling so they may have to partner with local restaurants, invest in leisure facilities or target short stay business. I think the future potential for serviced apartments is to achieve 10% share of the corporate accommodation market.

Many serviced apartment providers have already professionalized themselves in terms of their marketing, the information they supply about the rooms, what the bedroom looks like and what the security access is. This has overcome some historic obstacles because travellers know what to expect.

Accreditation helps endorse the product where it has been independently verified. Clients, especially those in banking, like accreditation because it reassures them there is recourse if there was a problem. SilverDoor have developed their own quality control standards so effectively we have de-risked ourselves.

We are a mature provider when it comes to utilising serviced apartments. We were one of the early adopters, so our knowledge of the sector has been honed thanks to our partnerships with SilverDoor and others.

Specialist serviced apartment agent

Martin Klima, Chief Customer Officer, SilverDoor Apartments

As Chief Customer Officer, Martin is responsible for the overall strategy of the Account Management department across all SilverDoor offices. He oversees the APAC and Americas teams to nurture accounts worldwide.

Now that we've come out of the pandemic, clients are focussing on their entire trip rather than just on one element, such as the accommodation. They want to know what the trip is going to look like, from arriving to checking in, staying in the apartment and that they, through SilverDoor, have control of the entire process – even if we aren't involved in the travel element.

Inevitably, post-Covid, there's a huge emphasis on health, safety, cleanliness, and sustainability. As their provider, they are looking to us to be able to tick all these boxes. That means us managing our supply chain effectively to provide them with different accommodation options that tick the boxes for them. All of this is under the magnifying glass now.

Client priorities

Apart from the corporate fundamental of cost, sustainability is another, usually because their travel or mobility programmes are trying to meet the targets set in the C-suite. Usually, however, it comes down to money, although I'm seeing a gradual realisation amongst corporates that they can't have everything.

For example, an option that ticks all the sustainability boxes may be more expensive than another that does not. That's where we are going into the unknown; will corporates be prepared to pay more for an option that tickets every box and, if so, how much more?

The degree to which traveller preference impacts the client's decision whether to choose a serviced apartment over a hotel depends on the client organisation and the type of programme they have. Some allow travellers or assignees to make those decisions, whilst others have much stricter policies.

We always collaborate closely with the client to build a programme that works for them because we have understood their priorities in terms of health and safety, cleanliness, Covid policies, sustainability, and cost.

More choice

There's a genuine desire amongst some clients for new accommodation models like short term rentals and Airbnb-style home stay in their programmes, providing they conform with the client's priorities. The difficulty lies in a lack of consistency between products.

Some clients will say they want something with a bit more character or a bit quirky. It's hard to manage that in a programme because the rates can fluctuate, the quality might change or there are other nuances which make it difficult to slot them into a programme compared to a run-of-the-mill serviced apartment which ticks all the boxes but lacks character.

With serviced apartments, you know what you're going to get. That's not to say that we don't source properties that are a bit different. They may be a little tricker to deal with, but that's what we are there for.

Working with TMCs

We already partner with several TMCs and will work with more in the future. It's a matter of working together efficiently because TMCs are used to booking hotels, usually via the GDS which lack the breadth of non-hotel content.

There's a real need for more extended stay content to be available online, but the reality is that our world is different to hotels. We try and make life as easy as possible for them. We also see large corporations who select a TMC, and a specialist serviced apartment agent to work in partnership.

They use the TMC for their air and land travel and hotels and we plug into the TMC. Usually there's a policy in place that stays of five nights, or more are automatically passed to SilverDoor for fulfilment.

Clients' reactions

The response from clients of both companies to the merger of SilverDoor and The Apartment Service has been very good. They see that SilverDoor is ambitious and that we want to bolster our position in the market to ensure that we've got the best supply chain in the industry.

There was a lot of nervousness amongst clients when BridgeStreet and Oakwood exited the market during the pandemic. Clients were worried other agencies might follow suit and how solid we were as a company – especially considering business travel effectively stopped during the pandemic.

Going forward, we plan to continue to grow our global footprint and to continue to improve on the service we provide.

Assessing performance - hotels vs extended stay

By Michal Rao MIH, STR

For more than 30 years, STR has served the hotel industry through innovative benchmarking and data insights that deliver market trend transparency.

In 2019, STR became part of CoStar Group, enhancing CoStar's product line by adding hospitality performance data into the wider real estate reporting suite.

The industry self-categorises under numerous monikers: aparthotel, extended stay, corporate housing, and serviced apartments. Definitions can vary considerably by region, company, or association.

STR regards 'serviced apartments' as an umbrella term for the sector comprising both aparthotels and corporate housing. There are two ends of the spectrum, with aparthotels having been derived from the hotel sector and corporate housing from the residential/real estate sector.

Data examined in this analysis comes from both data sets. Data is labelled appropriately for the sake of transparency and is reported through September year-to-date unless otherwise noted.

Global accommodation overview

The pandemic affected the hospitality industry all around the world since its start in 2020. The industry has come an exceptionally long way since the initial lockdowns in Q2 2020. Most continents started slowly recovering with restrictions eased from late spring & summer throughout most of the world in 2021.

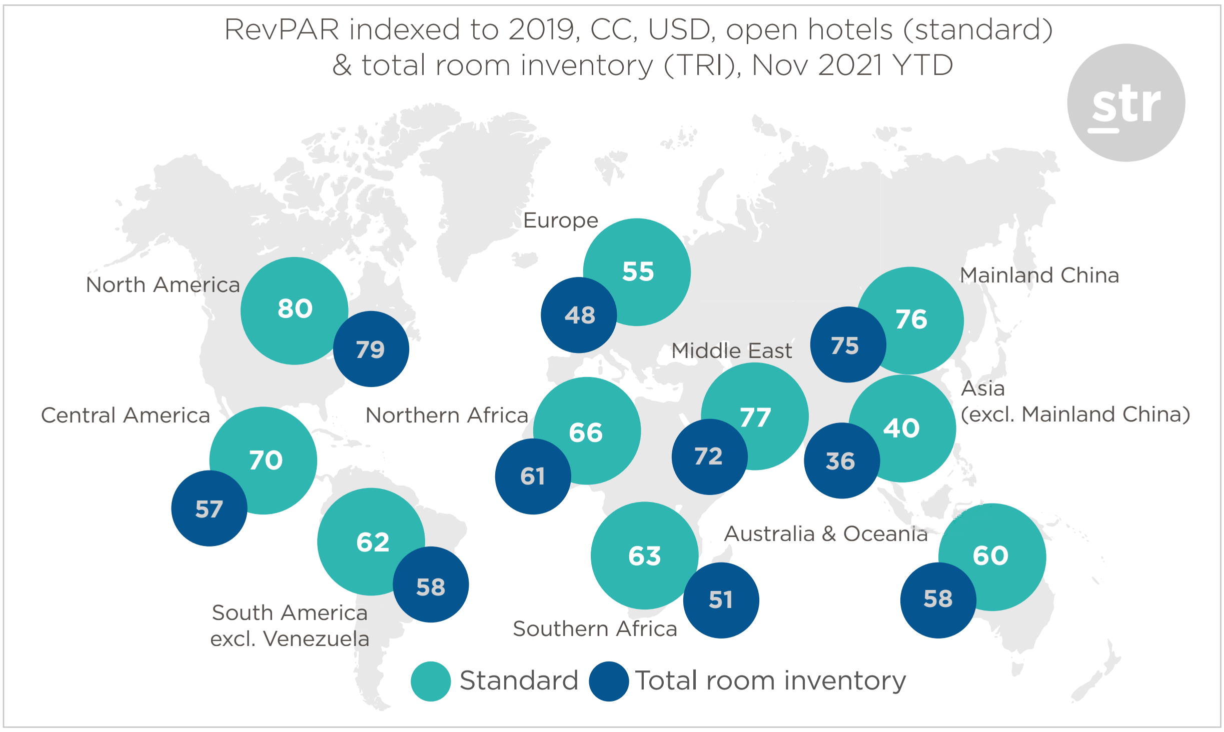
Hotel performance year to date as measured by revenue per available room varied by region due to individual country travel Covid restrictions. We have indexed November 2021 year to date performance to pre-pandemic levels of 2019 (Fig. 30).

Two different reporting methodologies have been used to report. Standard showing data reflecting open & operating properties supplying data to STR. Total Room Inventory takes room inventory of temporarily closed hotels into account.

Collectively, these showed that:

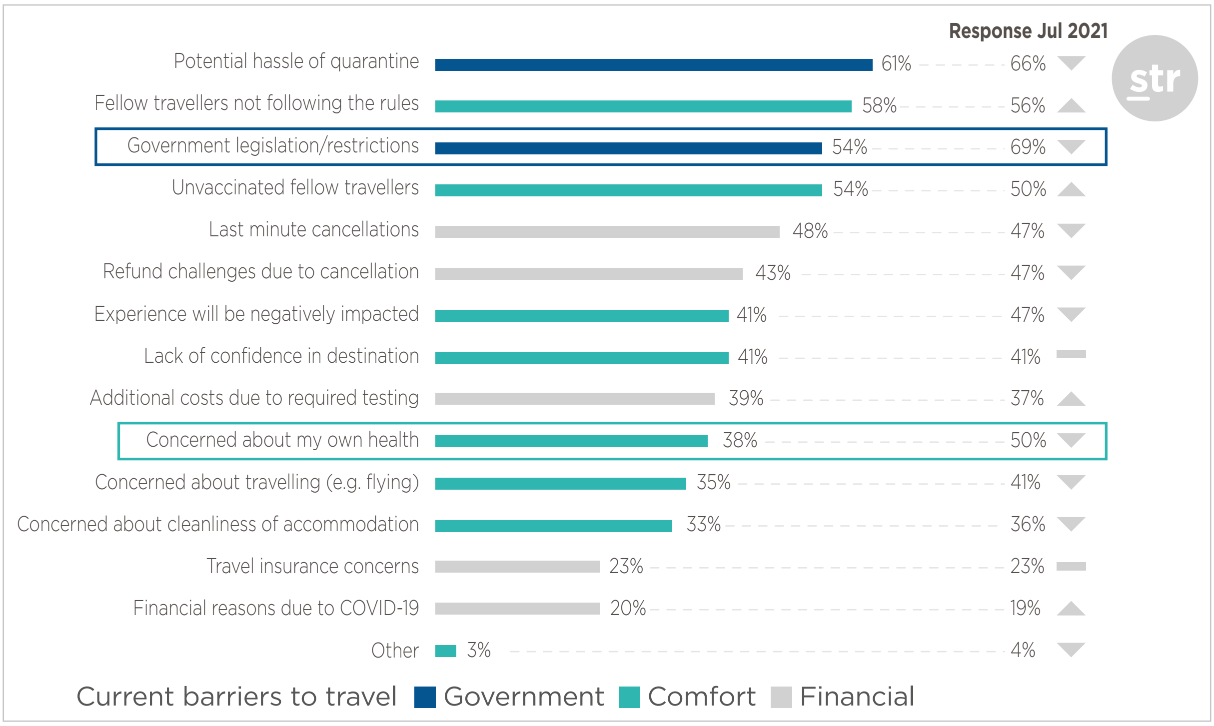
- Europe is behind most continents as Covid regulations in many countries prevented overseas travel together with consumer confidence for overseas travel still being low (Figure 28). Note the difference between Standard and Total room inventory figures, indicating temporary hotel closures were still high in 2021.
- North America & Mainland China saw a good recovery with both reaching over 75% of their 2019 RevPAR performance. Domestic and local travel fuelling the recovery in these regions with majority of hotels reopened.
- Middle East also saw recovery of RevPAR to 77% of 2019 levels with strong leisure demand in summer and the postponed Expo providing further boost from October.
- Australia & Oceania tracking ahead of Europe; however, due to various restrictions for travel within Australia internally and for overseas travel, the region is still 40% behind their 2019 performance.

Fig.30 RevPAR still has a way to go



Source: STR.2021 © CoStar Reality Information, Inc.

Fig.31 Barriers decline, but concerns regarding those unvaccinated increase



Source: STR.2021 © CoStar Reality Information, Inc.

Serviced apartments overview

Serviced apartments gained traction in many markets around the world pre-pandemic, with year-on-year percentage growth outpacing that of hotels. Despite the pandemic, the pipeline of new serviced apartments coming into various markets is still strong.

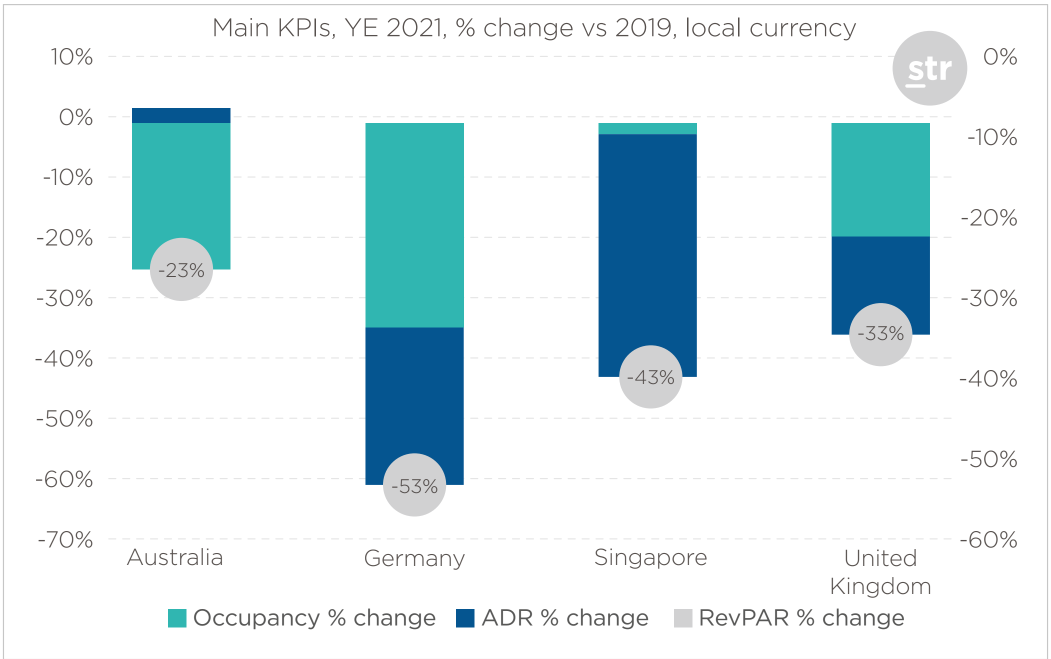
In the UK, STR is tracking 147 new serviced apartment projects (planning, final planning & in construction), adding 11,823 new units to the current portfolio of 25,208 units. That's almost 50% of the existing supply in the pipeline, should everything come into fruition. Out of the total UK pipeline, 18 properties (1,602 units) are scheduled to open throughout 2022. Germany has approximately 10% of the current supply in the pipeline, and Australia with a strong pipeline of almost 3,000 units.

Covid had a mixed impact on performance across the markets. Australia and United Kingdom operators saw lesser declines than their counterparts in Germany and Singapore (Fig. 32). The business model and product provided enabled the serviced apartments to remain slightly more resilient in the UK & Australia, providing travellers and essential workers better options of self-contained units when isolating or quarantining before/after travel.

In the UK, we saw declines mainly due to lack of corporate & leisure demand which is reflected in the split decline of almost equal decline of occupancy & ADR. Similarly to the UK, Germany saw the declines split between the two KPIs, even though occupancy suffered more than ADR. Again, this was mainly caused by the lack of international corporate demand.

Australia saw declines only in occupancy, due to the limited demand lacking overseas travel, but with slight uplift on ADR. Singapore's performance shows reverse of Australia, with major declines in ADR, but only a small dip in occupancy. Like in Australia, significant restriction on travel into Singapore put pressure on the rate.

Fig.32 Mixed COVID impact across major serviced apartments markets



Source: STR. 2021 © CoStar Realty Information, Inc

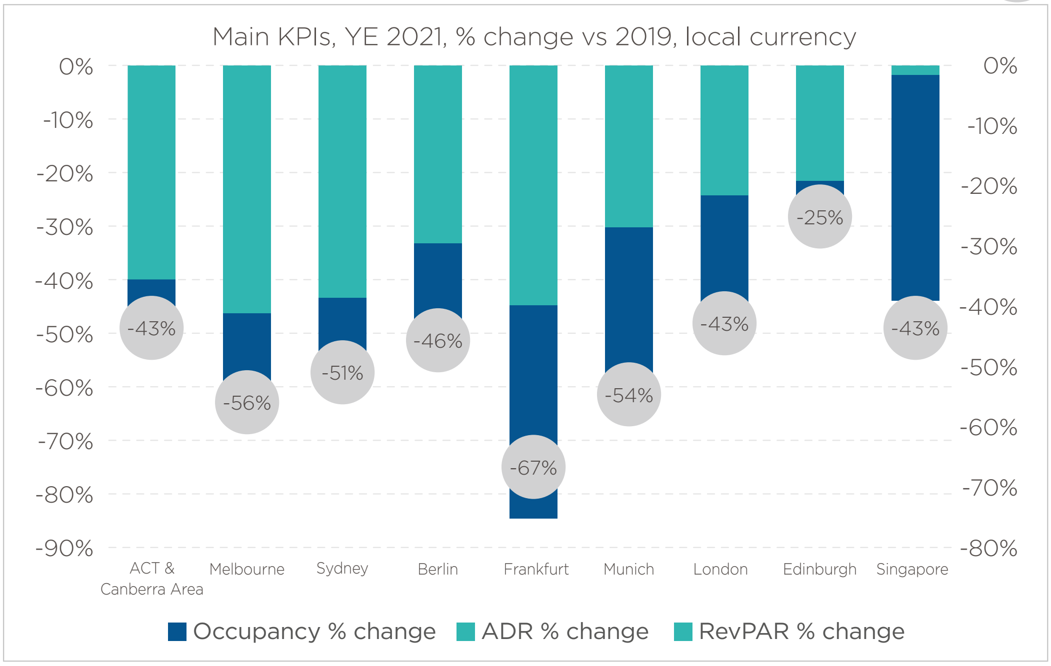
"Per square foot, apartments offer significantly more value for money when compared to even the larger suites on offer at comparable luxury hotels, with no compromise on service. At Cheval Gloucester Park, the lead-in apartment category offers 710 square feet of useable space, for a lead-in rate of £0.42 per square foot. By comparison, Cheval Gloucester Park's hotel competitors offer average lead-in room rates per square foot of £1.70, a difference of more than 300%."

John Philipson, Chief Operating Office, Cheval Collection

Diving deeper into the individual markets, all markets worldwide follow a similar pattern (Fig. 4), except Singapore, as previously discussed. Edinburgh serviced apartments sector saw slightly lower impact due to surge in staycations and some short-haul international travel demand during summer and autumn of 2021. The Covid pandemic significantly impacted the Frankfurt market. Being a prominent business & finance hub in Germany, the lack of corporate travel & conference demand put a strain on all parts of the hospitality sector, including serviced apartments.

As expected, the major Australian cities saw a slightly more significant impact than the country average. The impact is brought on by the restrictions imposed on inbound travel to Australia throughout most of 2021, while all three markets are corporate business hubs as well as leisure destinations.

Fig.33 All Major markets following similar patterns



Source: STR. 2021 © CoStar Realty Information, Inc

STR conducted this analysis for publication in this report. STR was not remunerated in any way for its analysis, and its participation in this analysis was not contingent upon developing or reporting predetermined results.

"We recently acquired the Regent Hotel in Cambridge, which we converted into an aparthotel (Regent by CityStay) in December 2021. Right up until December, occupancy was exceptional in our serviced apartments, whilst the hotel struggled. Although ADR has been considerably stronger in the hotel, it has been operating around the 50-60% occupancy vs the 85+% occupancy in our apartments over the same period. This contrast could show the differences within the corporate and leisure markets, or that the type of accommodation yields different results."

Declan Fitzhenry, CityStay

Operator & supply update

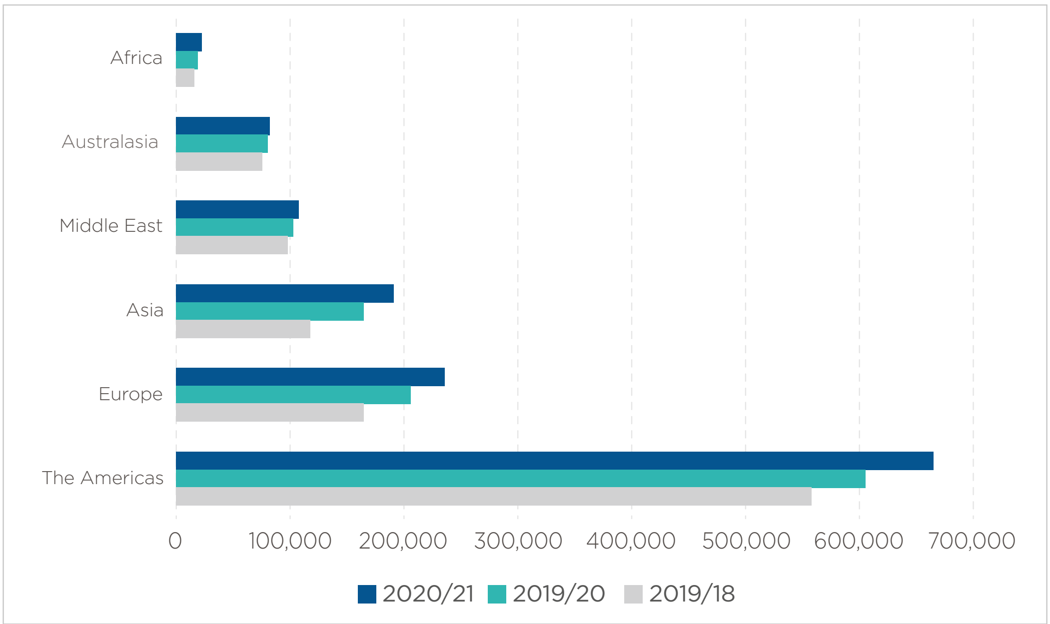
By Bard Vos

Despite the pandemic, the world's serviced apartment industry continues to grow. Since our last GSAIR, we estimate the number of serviced apartment units globally has increased by 11% to 1,299,328.[12] The sector's rate of growth has slowed, due to the pandemic, from 15% two years ago.

The growth rate for several locations served by serviced apartments has also slowed during the pandemic, from 18% in 2018/19 to 10% in 2021/2022. When aggregated with corporate housing[13], this means that global inventory has reached 1,382,369 in 17,054 locations.

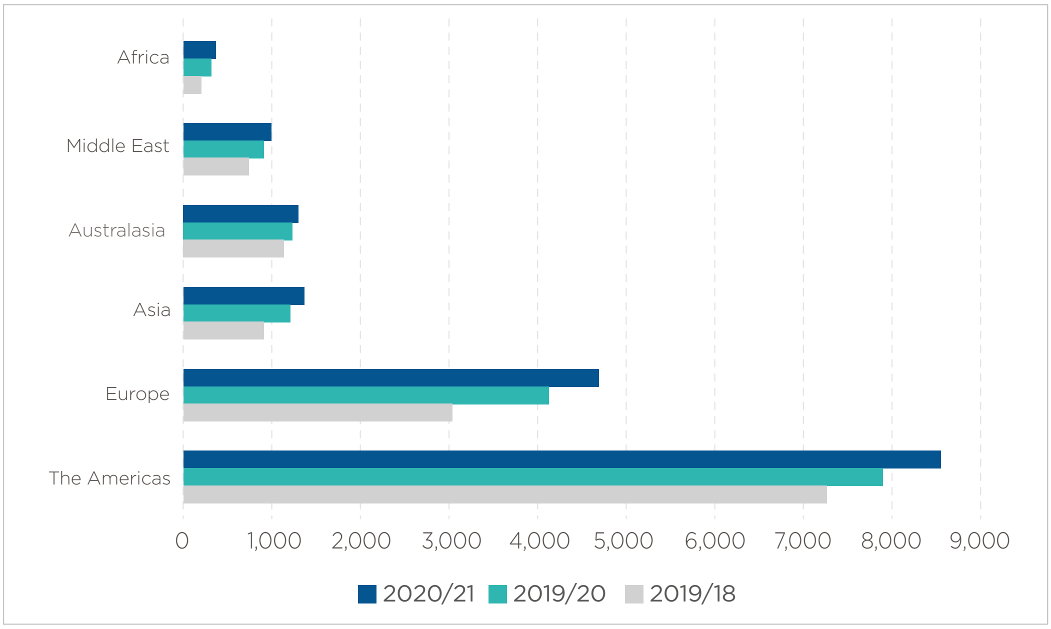
When GSAIR was first published back in 2008, we identified 401,977 units in 6,722 locations, so the serviced apartment market has grown by almost 2.5 times in units and 1.5 times in locations.

Fig. 34 Global Serviced Apartment Supply by Total Units



12.The figure is calculated by aggregating returns from every major chain and brand, with a 10% uplift to account for independent operators or small brands of which SilverDoor may not be aware.
13. There is no standard industry definition of corporate housing. They vary from a specific product to the American term for serviced apartments. Please refer to the Glossary at the start of the report for the definition on which our estimates of supply are based.

Fig. 35 Global Serviced Apartment Supply by Locations



Global supply

The top 15 global suppliers chart shows minor change from its pre-pandemic equivalent. Marriott remains the largest player in the extended stay hotel market with 171,672 units across their five brands, of which Residence Inn has the largest portfolio.

Hilton remains in second place with The Ascot leapfrogging Intercontinental Hotel Group into third spot.

Fig. 36 Top 15 Global Chains by Locations

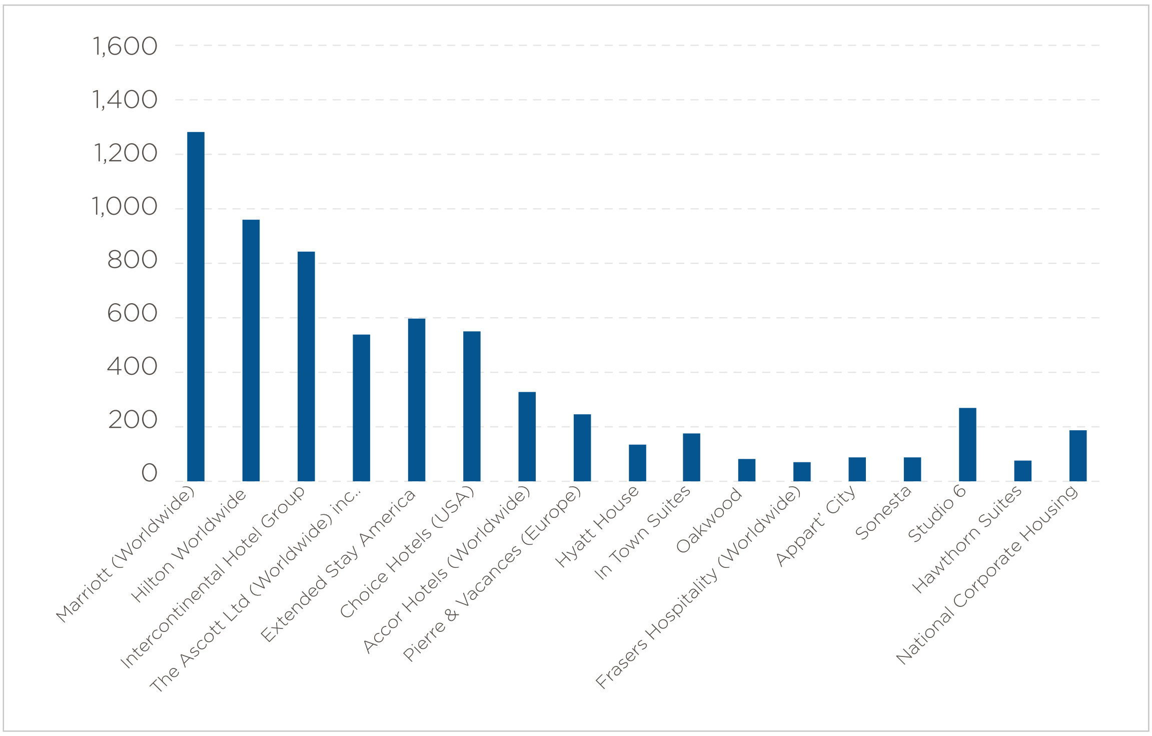
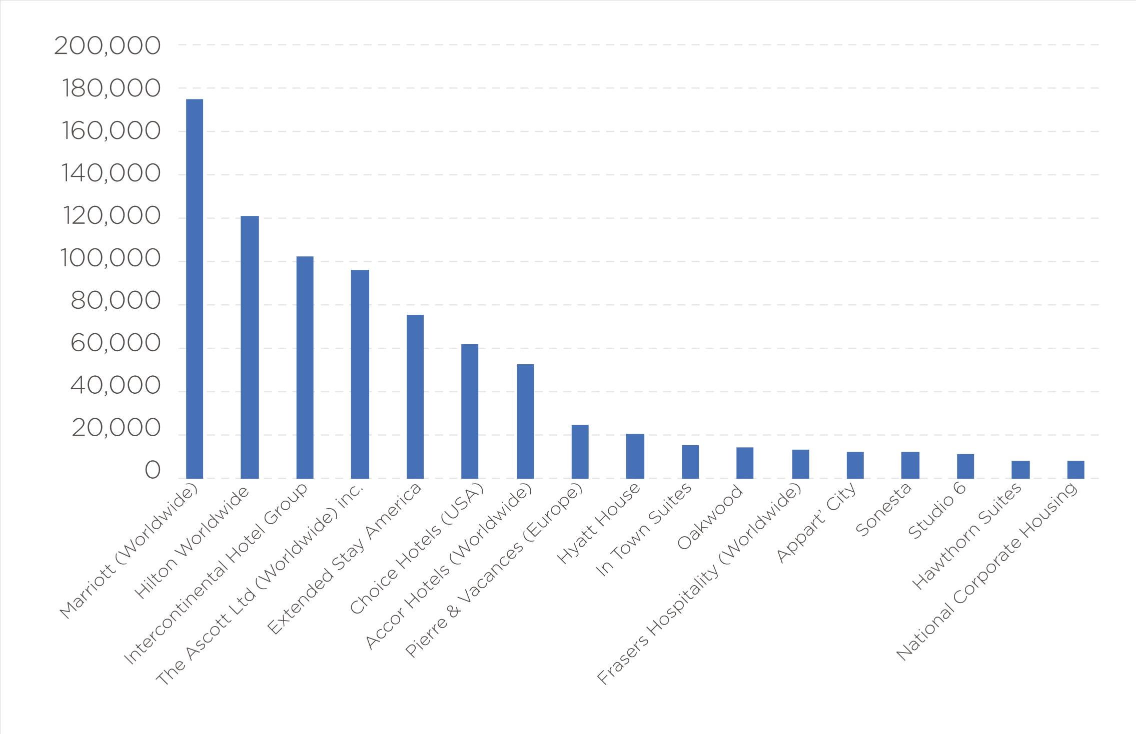


Fig. 37 Top 15 Global Chains by Units



Top 15 chains

Of the extended stay chains, Marriott's Residence Inn has the largest footprint, followed by Extended Stay America and Staybridge Suites.

However, in terms rate of growth, Choice Hotels USA leads the way with more apartment units coming on stream compared with pre-pandemic, followed by Accor (46%), IHG and Hyatt (both 42%) and Hilton (30%).

Choice, Accor and IHG have also extended their footprints the most in terms of locations served.

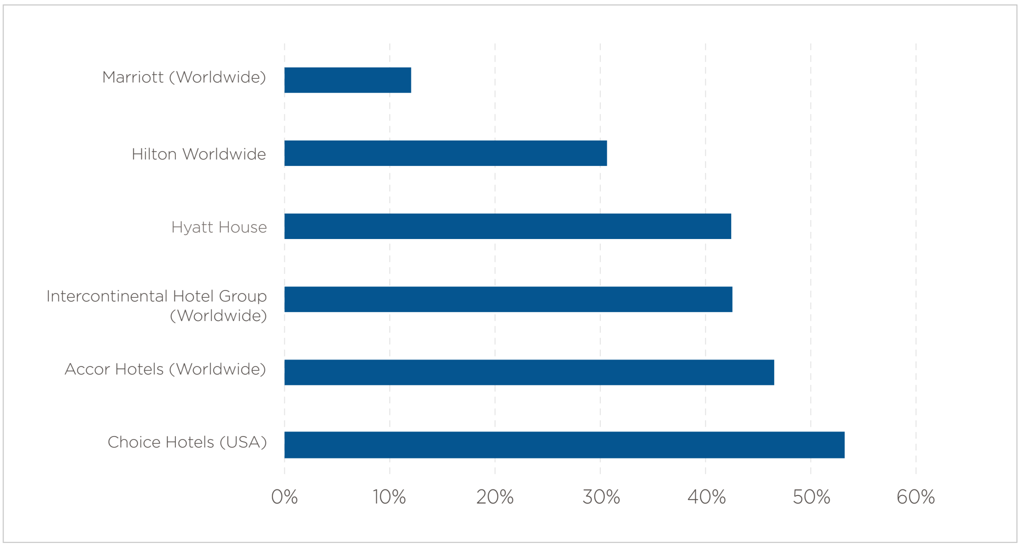
Choice Hotels, Woodspring Suites

Fig. 38 Top 15 Global Chains with Brand Breakdown[14]

		Locations	Units
Accor Hotels	Adagio	155	19,687
	The Sebel	35	2,528
	Suite Novotel	35	4,572
	Breakfree	24	3,440
	Mantra	82	15,869
	Peppers	30	5,112
	Pullman	2	290
	SS Enseigne	1	62
	Sofitel	1	182
	Raffles	1	67
	Fairmont	1	108
	Swissotel	3	255
	Total	**370**	**52,172**
The Ascott Ltd	Ascott The Residence	70	15,459
	Citadines	171	30,659
	Somerset	111	22,089
	Other Serviced Residences	51	9,289
	Tujia Somerset	10	2,022
	Quest Apartment Hotels	178	11,872
	Lyf	17	3,222
	Total	**608**	**94,612**
Extended Stay Hotels	Extended Stay America/Canada	651	71,827
	ESA – Premier Suites	24	2648
	Total:	**675**	**74,475**
Frasers Hospitality	Fraser Residence	17	2,314
	Fraser Suites	27	4,460
	Fraser Place	12	2,207
	Modena Residence	7	1,533
	Capri	12	2,655
	Total	**75**	**13,169**
Intercontinental Hotel Group (IHG)	Candlewood Suites	442	38,930
	Staybridge Suites	464	50,737
	Atwell Suites (from 2021)	19	1,877
	Holiday Inn Club Vacations	28	8,679
	Total	**953**	**100,223**
Marriott	Marriott Executive Apartments	32	4,646
	Residence Inn	884	109,324
	Towne Place Suites (USA)	433	43,791
	Protea Hotels – Africa	3	147
	Element Hotels (Extended stay)	94	13,764
	Total	**1,446**	**171,672**
Pierre et Vacances	Pierre & Vacances	226	19,656
	Maeva	53	4,500
	Total	**279**	**24,156**
Choice Hotels	Mainstay Suites	217	14,423
	Suburban	86	8,918
	Woodspring Suites	298	35,844
	EverHome (new brand)	18	1,800
	Total	**619**	**60,985**
TOTALS		**5,025**	**591,464**

14. Figures include pipeline to 2024 and therefore includes inventory in development and not yet open.

Fig. 39 Top 15 Global Chains by Rate of Growth in Locations 2020/21 vs 2018/19



New brands

New extended stay brands have continued to be launched throughout lockdown. Some are new brands launched by existing operators, like edyn's new Cove brand, Oakwood's Living, and Cheval's My Locanda announced but not due to open until 2024. Others are new entrants to the market, like Domus Stay.

Domus Stay's service covers everything from bijou one-bedroom apartments to five-bedroom family homes in the centre of Notting Hill. It launched in spring 2021. Not exactly ideal timing, or so you'd think.

Rachel Angell is Chief Operating Officer at Domus Stay. *"We are a joint venture between Domus Nova, a successful independent estate agency based in Westbourne Grove, and SilverDoor's parent company Habicus Group. The idea came from existing demand for short let and for homeowners to place their properties with a company that understands property, how to take care of high-value assets and who can approach the market in that way."*

"Our clients are highly affluent, connected individuals who are used to the best of everything and delight in the detail of design, art, and culture. They know that where they choose to stay, reflects themselves."

"We had known for some time that our clients were already starting to look at this model even before the pandemic hit. If you think about it, comparing the cost of a two or three-bedroom apartment with a similarly sized house, you're getting much more value for money and much more privacy. Brand is critically important. It is the way that you present yourself to your customers" says Rachel.

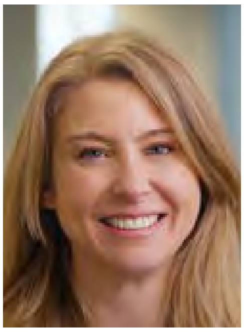
Today's customer is faced with a tsunami of accommodations choices, such is the proliferation of serviced apartment brands across hospitality. The top 15 global suppliers operate 54 brands between them.

The number of brands in the lodging sector is growing, in part, because the big players have moved to the "asset light" model meaning they don't own many of the hotels that bear their names, so they franchise them instead.

With so many serviced apartment and other accommodation brands out there, the challenge for the brand owner remains that of differentiating one brand from another. Those with deep enough pockets can leverage their brands to amplify competitive differences, but what about those who are gradually building their brands without the benefit of multi-million-dollar marketing budgets?

Which begs the question, are brands important in this space? Here, SilverDoor's Victoria Jackson provides her perspective.

Are Brands Important in Serviced Apartments?



By Victoria Jackson, SilverDoor

Brands are universally important. Connecting with people's emotions is the key to developing customers who are more loyal, less price sensitive, more likely to come back repeatedly, and recommend products to their friends and family.

Customers who have developed a bond with businesses are extremely valuable. They are described as "fully connected customers" and are over 50% more valuable, on average, than the highly satisfied customer. These customers are a company's dream: individuals who purchase more of your goods and services and are focused on your external messaging.[15]

A study by Harvard Business Review found that fully connected customers would typically be prepared to pay over 40% more for a hotel room stay. The same principle applies to a serviced apartment.

In fact, when you factor in the length of stay, and the increased amount of time a traveller typically spends in an apartment, the more emotional the purchase decision is likely to become. If a traveller is staying for longer than one or two nights, the emotional side of the brain comes into play, so the accommodation must work harder to meet the traveller's needs for sleeping, working, eating, relaxing and socialising.

Having a distinctive visual identity allows an operator to create a thread that runs through all elements of the user experience – the social media grid, the booking confirmation, what they see when they arrive at the property, and the in-house touches within the apartment itself. The tone of an operator's communication and how it interacts with its customers both contribute to brand identity.

Simply put: Repetition + Consistency = Familiarity = Emotional connection.

Creating emotional connection delivers value because that's what's driving the bus when we make our purchase decisions. Even on a subconscious level, and even when we are travelling on business.

Serviced Apartments are the fastest growing sector in the hospitality industry[16] and an increasing proportion are branded. Why is this?

Serviced Apartments of days gone by tended to be pretty generic, functional, and undistinctive. One apartment was much like the next, with little emphasis on identity, aesthetics, or inspirational design.

However, there has undoubtedly been a shift in demand. This may have something to do with the new markets serviced apartments have been exposed to over the last five years. A combination of global hotel groups such as Marriott, Accor and Hyatt launching extended-stay products on a global scale, as well as Airbnb, has meant both business and leisure travellers are increasingly comfortable with the product and choosing from the range of self-contained hotel alternatives.

Whilst it's still relatively uncommon to be asked for specific brands, here at SilverDoor in most cases it is location and rate that drive the business we place. The section of the corporate market where it does matter is those travellers that are in control of their own buying decisions. Normally that's SMEs or the C-suite.

Having said that, for many apartment operators, their business comes from both corporate and leisure guests and, if a serviced apartment wants to draw on leisure business to fill the gaps, they have needed to up their game.

This goes some way to explaining why staying in a serviced apartment is becoming less functional and more about lifestyle and identity. Of course, the basics must be there, the beds need to be comfortable, and the apartments need to be clean and safe, but a brand that takes the time to build its identity also gives you confidence that it will value guest experience and great service.

Modern consumers have so much choice at their fingertips that they need to be able to understand who you are as a company, your history and provenance, your values, and the story that you are trying to tell.

People don't buy what you sell, they buy how you make them feel. The emerging cohort of branded serviced apartments and aparthotels emphasise modern, unique design, inspired by location and a meaningful sense of place that echoes the qualities of the brand itself, as well as the location, and the city.

15. https://www.wesayhowhigh.com/blog/article/why-are-brands-so-important
16. https://servicedapartmentnews.com/news/industry-news/serviced-apartments-and-aparthotels-are-fastest-growing-segment-in-uk-hospitality/

Why brands are important

A brand gives you a personality and identity and a world where companies are jostling for position in our minds and our social media feeds. Personality is what makes a company stand out from the crowd. Branding is a platform where companies can differentiate their product, their service, their vision, their way of dealing with customers.

Good branding also helps your target segments recognise that what you offer is for them. If you're targeting families, then simple, clean, unfussy apartments with clever design solutions, pull out beds and sofa beds are going to appeal. If your target is digital Nomad Temporary Housings, then stylish communal areas, super-fast Wi-Fi, clever technology and creating a sense of connection and belonging is crucial.

Branding also speaks to a wider trend on employee engagement that cannot be overlooked in hospitality: attracting and retaining the best talent means creating a brand that your staff feel connected and engaged with. Millennial and Gen Z employees are highly brand conscious[17]; they want to work for companies with vision and purpose, who are transparent about their values and ethics.

Brand is often perceived as a service guarantee, boosting familiarity and reassurance among guests. This is important for corporate travellers as well, despite the need to book within policy and comply with budgets.

Whether it's their own money or their company's, if someone has an enjoyable experience at a branded aparthotel or apartment in one location, they are more likely to choose that brand in another location and become loyal, enthusiastic advocates. These are customers that any business wanting to grow should be nurturing and investing in.

"Effective brands transcend transactional relationships and forge emotional connections with consumers. This is best achieved through compelling story-telling: articulating a clear and engaging vision and value proposition, which speaks to your target audience and differentiates you from your competitors – while establishing a level of trust and loyalty."

Nick Barton – edyn Chief Commercial Officer

staycove.com

17. Forbes

GREAT WORLD
SERVICED APARTMENTS

Feel closer to home

A fully furnished serviced apartment with ample room to meet diverse needs, from enabling remote working to accommodating larger families. Rejuvenate or unwind at our various exclusive facilities without having to leave home. Little ones will delight in the choices for indoor and outdoor amenities.

Contact us to experience the comfort you would love.

SCAN HERE

TO BOOK NOW!

CALL: +65 6722 7766 EMAIL: APARTMENTS@GREATWORLD.COM.SG
WWW.STAY.GREATWORLD.COM.SG

Alternative accommodation models

By George Sell, Serviced Apartment News and Merilee Karr, STAA

These days, serviced apartments are not the only alternatives to hotels. Home stay, or home rental providers like Airbnb and onefinestay, short term rentals, co-living spaces and build to rent (BTR) properties are lining up alongside aparthotels and serviced apartments to provide travellers and their employers with unprecedented choice.

So wide is that choice, the term 'alternative accommodation' is hard to define, but for the purposes of this article, we are talking about providers of short- and medium-stay rental apartments who are targeting both business and leisure travellers.

The units can be owned by individuals (and offered by a property management company), or by professional and increasingly often, by institutional landlords.

It could be argued that the catalyst for the majority of these has been Airbnb, which was founded in 2008, and has a market capitalisation of $96 billion at the time of writing.

Airbnb was initially viewed with deep suspicion and even hostility by hotel operators, who were irked by what they saw as an uneven playing field - with Airbnb hosts not subject to the same levels of regulation and duty of care as they were.

But in the serviced apartment space, the reaction was generally different. Airbnb normalised staying in an apartment rather than a hotel - it inadvertently directed new guests to serviced apartments. It was also a much cheaper platform than the main OTAs to list short-term and weekend inventory, an opportunity which many serviced apartment operators have availed themselves of. Corporate travellers, and those who book their travel, have been wary of Airbnb and its peers such as Vrbo, despite their constant efforts to grow market share in the space. This generally comes down to concerns over duty of care and consistency of product.

Turning pro

This is where the professionally managed short-term rental space comes in, and it is a vibrant and fast-growing space. It is organised, and it has its own trade associations and accreditation schemes.

Merilee Karr is deeply immersed in this sector - she is CEO and founder of management company UnderTheDoormat and chair of the UK Short-Term Accommodation Association, focussing particularly on upcoming regulation changes policy and standards within the sector.

"One of the things that is changing in our industry is the professionalisation of short-term rentals. Often our sector is epitomised by Airbnb, but that's only a small part of the market. Much of the market is now made up of professional operators and brands that are offering a high-quality product that's accredited in similar ways to a serviced apartment or a hotel."

Vivi Himmel of agency AltoVita agrees that the sector is more professional now. *"What really matters are the basics. Well run properties with safety and security protocols in place. The companies must be legitimate, have hospitality expertise, the right insurances and comply to local regulations as well as having 24/7 support and a well-defined risk management procedure."*

> *"Covid gave a huge push towards a convergence between hotels, apartments and co-living into a model that cherishes design, functionality, locality and authenticity."*
>
> **Moran Machtey, Co-founder & CEO of Gold Tree Hospitality (GTH)**

Merilee Karr believes that the STR and serviced apartment markets are non-competitive. *"The market is growing and people who might not otherwise have travelled because there wasn't an accommodation type that suited them, are now travelling because there are different options available."*

"That's important because this is not a hotels and serviced apartments versus short-term rentals play. By working together and collaborating more we're going to see the size of the market grow overall. I think there's plenty of space for all these players to have a significant stake within it."

Another hurdle to the sector has been the bewilderingly differing regulatory approaches to how it operates - in the US for example, rules can be different from city to city in the same state. Some European cities have cracked down hard on the sector in response to over-tourism and its negative effect on local housing markets. In some countries the sector has been actively discouraged, in others it's pretty much been left to do its own thing.

Market opening up

If it is to make serious inroads into the corporate travel space, government backing and approval is essential, and this is starting to happen in territories which have been wary of alternative providers until relatively recently. In January 2022, UK prop tech firm Lavanda partnered with Abu Dhabi developer Aldar to create Cloud Living, a short-term leasing platform that provides flexible stay options in homes within Aldar's integrated communities.

Cloud Living is targeting professionals, ex-pats, and tourists, and will operate under a new regulatory framework that has been developed after collaboration and consultations between the Department of Culture and Tourism – Abu Dhabi and key stakeholders from the private sector, including Aldar and Lavanda.

One of the more interesting group of providers in the alternative space is what are often referred to as the master lease operators. A master lease is an arrangement whereby a branded service provider promises to rent all available space in a building from the landlord for a predetermined price, before subleasing it to third parties. The brand then takes control of the full tenant experience.

New players

There were a lot of companies entering the space pre-pandemic, often billing themselves as proptech companies rather than operators, or at the very least tech-enabled operators. They were aiming to attract a professional audience who had become accustomed to booking Airbnb for leisure travel and wanted a similar but branded experience for business travel.

What these companies had in common was that they were set on a course of rapid growth, attracted a huge amount of investment, seldom made a profit, and in many cases didn't survive the pandemic.

Sonder, Lyric, Stay Alfred, Domio, Locale, The Guild, and Sweet Inn all fit in to this group. Only Sonder, Locale, Sweet Inn, and The Guild are still trading as accommodation providers.

Aldar, The Arc Gate, Abu Dhabi

Aldar, The Arc Gate, Abu Dhabi

Lyric, despite raising a reported $180 million in a series of funding rounds featuring the likes of Airbnb as investors, has ceased operating properties, and pivoted in to offering its Wheelhouse software to other providers. Stay Alfred, who raised at least $60 million, was a victim of the pandemic-induced travel shut down and ceased trading as early as May 2020.

Those that have survived the pandemic have had mixed fortunes. Sonder, who raised a staggering $310 million in investment, listed on the Nasdaq exchange in January 2022 after merging with special purpose acquisition company [SPAC] Gores Metropoulos II. Its share price failed to match the spectacular rise seen by Airbnb when its IPO went live, but at the time of writing it has stabilised at $10.15, 18 cents above its opening price.

Taking a different stance from the self-styled tech companies of the master lease world is London-based Domus Stay, a joint venture between Domus Nova, an independent estate. agency based in Westbourne Grove, and Habicus Group.

COO Rachel Angell says *"We're a hospitality company primarily. The idea for the company came from Domus Nova and existing demand from their customers, for short lets, and for the opportunity for homeowners to rent their homes in this way, but with a safe pair of hands."*

"They wanted somebody that they could completely trust to understand property, who understands how to take care of high-value assets and who can approach the market in that way. We are not a tech player."

Barriers

So what are the barriers that have prevented the alternative sector from taking a bigger slice of the corporate travel market, and how is it addressing those barriers?

Merilee Karr was the first to contract with UK government agencies to provide short term rentals. *"Our sector is disaggregated. There are a lot of companies but few large brands. Government said it would buy short-term rental products under two conditions. First, every provider had to come under one umbrella, which is why we created Trusted Stays as a dedicated distribution channel for short term rentals."*

"The second, and bigger hurdle was making sure that the cleanliness and guest security standards were in place to meet corporate and government duty of care obligations. If our sector is going to play in that world, we must deliver on that, which is why we partnered with Quality in Tourism. The accreditation scheme that we developed here in the UK has been incredibly helpful, because it was backed by the Ministry of Housing Communities and local government."

There was also a third barrier. *"It's critical to be on the systems that corporates and governments use to book, which means the GDS. We're now live in the GDS world so that we're able to offer accredited properties from our sector, via Trusted Stays and the GDS."*

Demand

Is demand for non-traditional serviced apartments growing? *"To some extent"* says SilverDoor's Alex Neale, citing the lack of on-site amenities at check-in as a major shortcoming of most alternative models.

"Demand for unique units or homes is coming from the leisure market, which has created awareness of those products, even though we don't see any usage of Airbnb by SilverDoor clients."

"Clients may mention Airbnb because they are familiar with the brand but when offered a serviced apartment instead, they see that they're getting the facilities they wanted from Airbnb but in a more formalised, consistent product."

Domus Stay

Domus Stay

Risks

Most consumers are comfortable picking their own accommodation, so when it comes to travelling on business, it all comes down to how much autonomy the company gives the individual to make their own choices of accommodation. But there are risks, as SilverDoor's Shabina Awan explains.

"Self-sourced accommodation obviously comes with health, safety, and security risks. We find that clients listen to our advice and rationale, so they decide to stay where we have a verified product. For us as an agency, the challenges arise where a private landlord is running the property."

"It may be a very professionally run rental, compliant from a health and safety perspective. Getting to the owner and the person responsible for maintaining the health and safety of this accommodation is critical."

"Unless the property manager has total access to the product and full control of the maintenance of that product, problems can arise. In the case of home sharing scenarios. Sometimes, we've had to step in when customers have been let down by landlords suddenly turning up and wanting to use the property themselves. That doesn't work in the corporate market."

Major players join in

The success of the alternative sector has not gone unnoticed by the major hospitality companies, and some have been proactive in their approach to getting involved.

Marriott got its foot in the door in 2018, when it launched Tribute Portfolio Homes in conjunction with the now-defunct property management company Hostmaker. The venture was renamed Homes & Villas by Marriott International (HVMI) and significantly expanded the following year.

It works with a range of property management companies internationally, which it says are selected *"based on their expertise, compliance with local regulations and service standards for both homeowners and guests."*

Marriott has also launched a pilot whereby guests booking rentals on Homes & Villas by Marriott International can use the amenities at nearby Marriott hotels. Marriott loyalty program members can also earn and redeem points by booking properties directly on HVMI.

An even earlier adopter was Accor, which bought London-based luxury home sharing company onefinestay for $170 million (£117 million) in April 2016. onefinestay now offers around 5,000 properties worldwide, along with a range of concierge services.

As the proportion of millennials in the corporate traveller community increases, it's hard not to see an increasingly vital role for what we now call the alternative sector but will most likely soon be seen as a mainstream option.

People who have grown up with Airbnb are used to choosing and booking their own accommodation. They are also increasingly resistant to rigid, narrow corporate travel programmes. This is a group which blurs the boundaries between business and leisure travel. A survey by Hilton found that nearly 40% of millennials will not take a job that doesn't allow them to travel for business[18].

Travelport's Mark Meehan, Group Vice President, and Managing Director of Global Operations said: *"Millennial travellers in APAC are now heavily using digital channels in all stages of business travel. This high use, however, is being matched by increasing frustrations with existing offerings, which indicates corporate travel in the region is on the verge of leaving the digital age and entering a new era, in which sellers need to use digital channels to deliver value in more modern and sophisticated ways."*

Benefits

So what are the benefits of short-term rentals? *"Our sector provides flexibility unlike any other asset type"* says Merilee Karr. *"We can bring on supply quickly, then turn it back into residential accommodation. That flexibility of supply coupled with rising demand, where there will always be peaks and troughs, will drive the short-term rental market."*

"Short term rentals scores over serviced apartments in three ways. First, authenticity. Each home has distinct characteristics. Second, there are many different price points. Third, you've got more flexibility, especially for different group types and sizes."

Altovita's Vivi Himmel says there's a long way to go before wholesale adoption is achieved. *"The market is like a bell curve, with visionaries who want to use the best tech at one end making up less than 15% of the market. At the other end there are those who need persuading, so they need a more traditional product."*

"We need to strike a good balance between the delivery of quality services as well as technology that organisations can truly rely on. Automation doesn't mean you remove the human touch, but it's up to travellers to decide what they want. Millennials want self-check-in, whereas Baby Boomers like high-touch. So, if an operators can still offer both, why not?"

18. https://newsroom.hilton.com/hilton/news/hilton-hotels-resorts-survey-explores-how-young-business-travellers-prefer-to-work-and-relax

Trends driving the extended stay sector

By Mark Harris

> *"It's human nature to move, to travel, but not necessarily to stay in the same place. What the pandemic has shown is that people want space inside and out, especially after being shut in during lockdown. If you need to work from home, you can do that quite comfortably in an apartment without having to sit on the bed."*
>
> **Steve Lowy, Anglo Educational & The Residence Apartments**

Since its first edition, GSAIR has aimed to track the trends driving the serviced apartment sector and the wider extended stay market. In this ninth edition, we are providing a deep dive into some of the trends referenced by GSAIR contributors from all over the world.

One of the consistent themes in this edition of GSAIR is how the pandemic accelerated many pre-existing demand trends, as well as creating some new ones. Which will prove short lived, and which could be here to stay?

Supply shortage

As well as being driven by a resurgence in corporate demand, the serviced apartment sector's recovery post-pandemic is based on a powerful performance during it, although some operators were forced to cease trading during lockdown because their revenue dried up, reducing supply.[19]

Supply is slowly returning as corporate demand builds back, and part of that shortfall is being filled by alternative accommodation models. Data for the final quarter of 2021 and the first in 2022, shows that supply shortages drove prices up by 10% for one-bed apartments, 30% for two bed apartments and 40% for three-bed, compared to 2019.

In 2022, a combination of travel returning, pent-up demand, spiralling energy costs and operators dumping inventory amidst the escalating crisis in Ukraine, has exacerbated the problem.

Environment Social & Governance

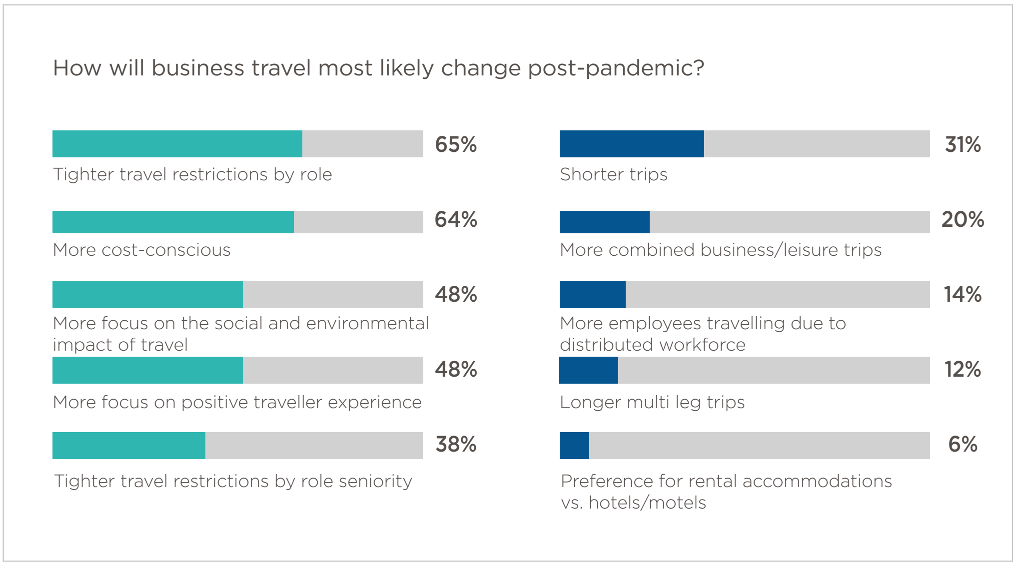
Environmental, Social and Governance (ESG) risk is a hot topic in boardrooms, with businesses developing ESG strategies for many business functions including corporate travel programmes. This means reducing carbon footprint, using renewable energy, reviewing third-party suppliers' ESG-related practices, and prioritising employee safety and well-being.

A three-step ESG campaign was launched in January 2022 by the UK's Business Travel Association to help fulfil the United Nations' COP26 goals. BTA Chief Executive Clive Wratten said, *"The entire industry needs to view ESG through a wider lens. We have always known that carbon offsetting alone is not enough, and that more must be done internationally and domestically to ensure that sustainability is intrinsically weaved throughout the travel supply chain from flights, to rail, to hotels and cars."*[20]

19. SilverDoor booking data
20. https://travelweekly.co.uk/news/travel-agents/business-travel-association-plans-three-stage-esg-initiative

Sustainability

Fig.40 How business travel will change post-pandemic



Source: Greenbiz

As ESG policies filter down to corporate travel decisions, serviced apartment operators know they need to demonstrate what they are doing to satisfier clients' objectives. 61% of operators say sustainability will be a major influence on corporate travel decisions in 2022.[21]

Business travel is professional services firm PwC's single largest source of carbon emissions. The company has now set a new travel intensity target to reduce emissions from business travel per employee (FTE) by 33% in 2022.[22]

The challenge for corporates is to strike the right balance between protecting the bottom line and creating a set of policies that better reflect the environmental and social aims of a responsible business. The technologies to do so already exist through sustainability tools to help travellers compare the environmental cost of their travel choices.

Operator initiatives

Partner perspectives

"At Accor, we have committed to the elimination of single-use plastics from the guest experience by the end of 2022, and to a net zero carbon footprint by 2050. Building design, technology, material selection, use of green energy and close collaboration with our investment partners will be critical to achieving these ambitious yet essential objectives. Extended stay brands like Swissôtel Living with its focus on vitality and wellness, will be integral to our strategy."
Jeff Tisdall, extended stay SVP, Accor

"Serviced apartments are usually cleaned weekly, whilst hotels usually clean daily. We do not produce much waste, because we don't consume as much cleaning supplies. Our energy costs are lower than hotels, working hours are more family-friendly and salaries are higher than the market average. There is an adage in Germany "Tue was gutes und rede darüber" (Do something good and talk about it) so it is time to talk about it, officially."
Burak Ünver, Managing Director, SMARTments business

"Our flexible service concept enables the repurposing of existing properties for accommodation. In addition, we are always looking for innovative ways to reuse empty buildings. Repurposed properties will play a significant role in our real estate strategy in the future as well. This naturally increases effective use and occupancy of buildings in real estate markets creating a positive environmental impact in society. Our goal is to continue this pattern through the life cycle of a property to minimise our overall ecological footprint."
By Johannes Kangas, CEO, Forenom Group

21. SilverDoor LinkedIn poll 2021
22. https://servicedapartmentnews.com/features/serviced-apartment-and-extended-stay-industry-trends-for-2022/

Most serviced apartment operators have already embraced the sustainability agenda or plan to. edyn, for example, has put sustainability at the core of its customer proposition, as Nick Barton explains.

"At edyn, we talk about Soulful Hospitality; environments that nourish and enliven the soul, because we believe that people want to try and do the right thing. It's about being human about business."

"edyn has always been focused on rooting itself in the communities that we build and operate. That usually means collaborating with local suppliers. We contract out all our food and beverage and work with local providers that can bring a sense of the local environment, as well as creating jobs and employment locally."

Despite not being sustainability experts, CityStay's Declan Fitzhenry agrees there are easy wins any operator can make. *"Early next year, we'll be opening an aparthotel, converted from a hotel. We are considering selecting contractors based on their sustainability credentials, ensuring sustainability runs through the whole project so we deliver something as carbon negatively as we can."*

Dublin-based Staycity's strategy for a green future is built around greenhouse gas emissions, health and wellbeing, and waste management.[23] CFO Wayne Arthur says the company has invested around £40m in its sustainability roadmap.

"We commissioned a Danish company to conduct a review and help us work out what we would deliver on that road map. We've just appointed a Sustainability Director and will be recruiting a small sustainability team. We're aiming to achieve carbon-free construction of our apartments."

Green finance

Aside from societal influences, the greatest impetus for sustainability in extended stay is coming from investors and asset management companies, according to Deborah Heather from M-Assessment.

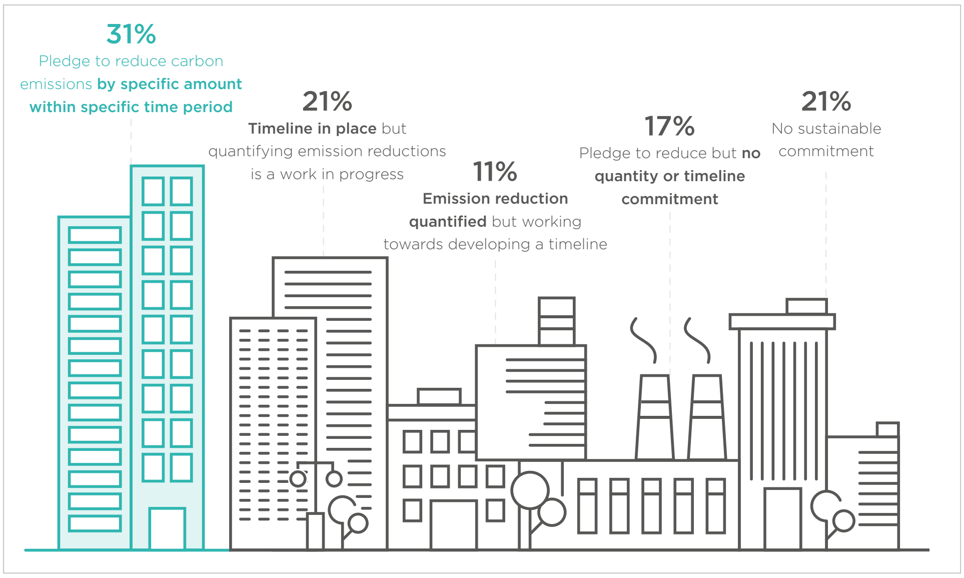
"Projects that meet a lender or investor's green criteria are likely to enjoy a lower cost of capital. The average 'greenium' on green finance products (lower interest and coupon rate payments), for borrowers and bond issuers, respectively) is between 15 and 25 basis points.[24]

Heather acknowledges that the extended stay sector is in the earliest stages of its sustainability journey but notes that no-one has produced a definitive set of rules for serviced apartments to adopt.

"The first thing operators should do is look at their Opex investment and decide what costs can be included in their P&L to put sustainability measures in place. The Capex piece is some way off in terms of having a robust pathway to make their buildings more sustainable."

Investors' role in driving the sustainability agenda is confirmed by edyn's Nick Barton. *"We are a private equity owned business and we must do things the right way. That means being anti-bribery, anti-slavery and so on. We're audited externally on that, which matters because guests want to know they're dealing with an ethically and morally sound business."*

Fig. 41 Most companies have pledged to reduce emissions but only 1-in-3 have definite plans in place



Source: Deloitte Corporate Travel Survey 2021, N = 150 executives with oversight of business travel policy, spend, and strategy.

Deloitte Insights | deloitte.com/insights

23. https://www.staycity.com/staygreen/
24. AHV Associates - The Opportunity of the Horizon: Green Finance in Real Estate and Hospitality

Will corporates pay a greenium?

As serviced apartments continue their sustainability journey, the question remains whether they are prepared to pay more for a greener product and, if so, how much? Staycity surveyed half a million customers on this issue, 2,000 of whom responded. *"They told us that sustainability is important to them, but they don't want to pay any more for it"* says Wayne Arthur.

"The brands that don't implement robust sustainability programmes will become stranded assets. That's because our corporate clients are asking us for our sustainability plans and for evidence of what impacts those actions are having."

Deborah Heather believes corporates will accept some price increases. *"The money markets' focus on sustainability will mean operators and corporates gradually moving to the triple bottom line (TBL) which tracks performance by profit, people, and planet. That doesn't mean there won't always be those who search out the cheapest option."*

"New builds have a huge advantage because they don't have the same problems operators of older buildings do, like leaks and energy inefficiency. If they are not prepared to, or can't afford to invest in sustainability, then their market share is going to dry up sooner rather than later."

Greenwash

There is a thin dividing line between promoting good practice and using sustainability as a marketing tool. Those who stray do so at their peril because Gen Z will call out those who greenwash. Customers are savvier and the media are eager to pounce on any cases of corporate hypocrisy. Press is much more on this. *"If you don't do sustainability properly, then it's not worth doing at all. And not telling the truth is the worst crime you could commit"*, says Deborah Heather.

"This already happened in the cleaning piece. I've been calling it Cleanwashing. We've seen the global hotel brands do this and it's done them no favours. Even Google has got Google Certified now, putting sustainability claims through a set of criteria using their algorithms. So they can help people find sustainable product. It's a real opportunity."

Sian Sayward is Governance Director at UK trade association beam, formerly the HBAA. She is adamant there is no 'do nothing' option. *"Sustainability is about so much more than just making sure we are recycling our plastic, with more and more organisations considering ESG as a more complete set of criteria to be measured or measure on, the serviced apartment sector has the same responsibility as the rest of industry."*

"This is not a flash in the pan trend, the roadmap to net zero will not be easy for our sector but there are great initiatives that can support organisations in their endeavours to become more sustainable, it will not be an easy task given the revenue lost to our sector during the pandemic, but as the UN Secretary-General Antonio Guterres said, 'We need to turn the recovery into a real opportunity to do things right for the future.'"

Equality, Diversity & Inclusion

The death of George Floyd in 2020 prompted the hospitality industry to question existing levels of diversity and inclusion. The reality is that women and BAME (Black, Asian, and Minority Ethnic) remain vastly underrepresented in areas, which is unwelcome news for a sector that thrives on multiculturalism.

There are worryingly high levels of concern about the impact of racism in the workplace, with 28% of Asian, 37% of Black and 39% of mixed ethnicity respondents experiencing or witnessing racism in their current place of work.[25]

In 2020, 53% of the UK's Institute of Travel Management buyers, managers and heads of travel said they were "specifically addressing" these issues in their company travel policy or programme, but that figure fell to 32% in 2021.[26]

In 2021, the Global Business Travel Association announced it had launched a Diversity, Equality, and Inclusion (DE&I) committee. It followed a similar initiative by the fledgling Travel and Meetings Society in 2020. SilverDoor's Pauline Houston chairs that committee.

"I came into travel 27 years ago but, as my career progressed, travel was only diverse or inclusive up to a point. The higher you went, the less diversity

> *"Australia lags behind the rest of the world on anything to do with sustainability, Corporate Social Responsibility, Diversity, Equality, and Inclusion. I thought we were far more advanced than we are. As a business, we must recognise it isn't an option anymore to just say, 'we do sustainability.'"*
>
> **David Mansfield, Quest Apartment Hotels**

25. Inside Hospitality Report 2022
26. https://skift.com/2021/12/16/travel-buyers-made-little-progress-on-diversity-and-equity-in-2021/

there was. Now, there are more opportunities regardless of gender, race, orientation, or physical ability."

"I'm not pro-female or anti-male; I'm pro-everybody having an equal chance. Unfortunately, by creating opportunities for females we have marginalised males, so we have created a new inequality."

Pauline concedes that, despite some advancements, there's a long way still to go as an industry, *"but I think there's a willingness and an appetite to do it that didn't exist a few years back. We've achieved equity, but not equality and inclusiveness."*

Many corporations used their downtime during the pandemic to review how they engage with their workforces, how they recruit, develop, and retain their in-house teams. Employee retention is hugely profitable because a happy employee is a productive one.

Addressing past mistakes

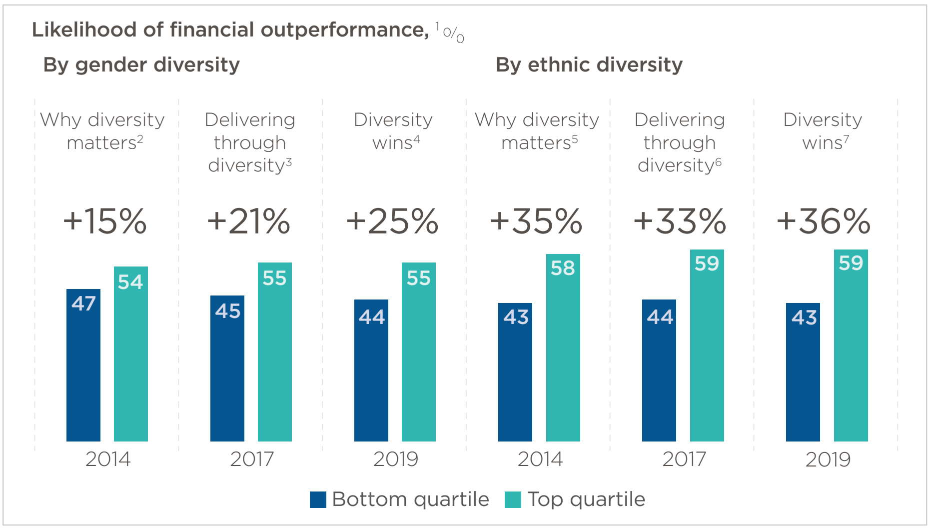
GBTA's DE&I committee comprises subcommittees that focus on specific topics such as age bias, disability bias, racial, sexual orientation, gender and cultural.

"We're finding some corporations admitting they have got it wrong and who then explain what they are doing to address those mistakes Through a combination of providing materials and an engaging face-to-face environment we are helping those corporations looking for guidance," Pauline says.

"I'm in the subcommittee for ageism, which we've split into those up to 29, the sandwich generation who are aged 30 to 45, and the more experienced generation of 45 to however old you want to be when you retire."

"Generally, senior leaders come from the sandwich or more mature generations. When I came to SilverDoor, I found myself working with the younger generation, which has dispelled a lot

Fig. 42 DE&I – the business case



Source: Inside Hospitality Report 2022
https://skift.com/2021/12/16/travel-buyers-made-little-progress-on-diversity-and-equity-in-2021/
McKinsey

"Customers apply a lot of pressure to suppliers because they want to understand your company culture" says Pauline Houston. *"In SilverDoor we are applying that same pressure throughout the supply chain because we, and our clients, only want to work with companies that promote good DE&I practice. As more organisations adopt the same approach it becomes a domino effect."*

Pauline says that extended stay's performance on DE&I is in line with the rest of travel. *"Although there are good and bad examples across the board, the number of good examples is growing. However, we must be careful that the actions we are taking collectively are not seen as a PR exercise. If your motivation is to get onto an RFP you wouldn't normally be on, that will be quickly seen through."*

of myths you hear about the young not having enough life or work experience. That group has a lot to bring to the table because they see things through a distinct set of eyes."

"In Australia, there are around 24 million people, of which more than five million have accessibility needs, whether whether they're in a wheelchair, are hearing-impaired or whatever. As an accommodation sector, we don't do enough to make it easy and effortless for that that individual to experience a stay in a property."

David Mansfield, Quest Apartment Hotels

27. https://www.mckinsey.com/featured-insights/diversity-and-inclusion/diversity-wins-how-inclusion-matters

Fig. 43 Business traveller anxieties during pandemic

Source: https://www.mckinsey.com/featured-insights/diversity-and-inclusion/diversity-wins-how-inclusion-matters McKinsey

The health, safety and welfare of guests and staff remains a key issue throughout the supply chain. The implications for operators and agents have been significant, both in the UK and further afield.

"It's been vital for operators to maintain exacting standards of cleanliness and hygiene to ensure the safety of both guests and staff," says Jason Delany, Staycity Director of Brand, Product, and Marketing.

"Very early on, we put together a comprehensive video outlining the measures and systems we had introduced, how we were dealing with the health and safety issue from a housekeeping and personnel perspective, at check-in and check-out and throughout our public areas."

Daniel Blaauw is director of MUi STAYS in South Africa. *"Here, hygiene requirements put a lot of financial pressure on hosts. Guests were asking not to be placed in a room that was stayed in at least 24 hours before, so hosts lost those nights of revenue."*

"From the guest's perspective there has been a lot of anxiety involved in travel even for the least anxious person. Emerging variants, changing regulations and vaccination requirements cover a few of the guest worries when leaving the safety of their home. As a result, guests are waiting until the final hour to book, leaving little time for preparation. In times like these reputation goes a long way on both sides of the transaction."

As Jenni Määttä, Director, Quality at Forenom Group explains, *"the cleaning sector has always experienced a lack of recognition for some reason. I want to make sure that people appreciate the work our service team does daily. What is important is that each working day runs smoothly and to plan. When your tools are up to the job, you can focus on what is essential."*

"At the same time, we perform hundreds of monthly quality inspections. We also collect feedback from our guests at different points during their stay and our cleaning staff can access their personal feedback on their mobile phones. This instant customer feedback allows us to find new development opportunities and thank our employees for a job well done!"

To provide their guests with a safe environment, Oakwood launched Oakwood Clean360 in June 2020, as CEO Dean Schreiber explains. *"Operational protocols include the option for contactless service and heightened sanitisation of key areas."*

In October 2020, the group partnered with International SOS, a leading health and security services company. International SOS' global medical consultancy helped Oakwood to assess risk, reviewed and enhanced Oakwood's hygiene standards framework, and developed audit tools to monitor compliance and implementation across Asia Pacific, the United States, and the United Kingdom.

28. https://www.mckinsey.com/industries/travel-logistics-and-infrastructure/our-insights/make-it-better-not-just-safer-the-opportunity-to-reinvent-travel

Smart technology

As Jeff Tisdall of Accor confirms, innovation has been an important theme within the serviced apartment sector for many years as new entrants, brand renovation projects and exciting new service offerings have transformed the competitive landscape, and the pandemic has accelerated these trends too.

"We see three important catalysts," says Jeff. *"A significant disruption in the way we work, the paramount importance of sustainability and wellness, and an unmet need amongst business travellers to live life uninterrupted. Remote work means working from home, but also from your 'home away from home.' That is why we are working hard to integrate flexible office solutions like Wojo and Working From across our 15 extended stay hotel brands."*

Kim Krollman of OWL Rentals says guests *"need to access all their travel and accommodation information easily. They must be confident that that data is not being used for anything else."*

In-apartment, the pandemic has accelerated the use of smart technology with greater adoption of remote check-in and check-out, online communication with guest team and keyless entry. However, as Burak Ünver of SMARTments business points out, investment might be better placed into building smart building infrastructure for better energy management than in creating 'smart rooms.'

"One of the most important points in digitalisation and automation is the PMS because, without the right PMS, you will never be able to use those smart technologies. Unfortunately, many of the well-known PMS provider are not running with the times because it is either extremely hard or too expensive to connect some of these old technologies with new interfaces."

Smart bookings

Many serviced apartment operators have re-focussed their distribution strategies on direct bookings or consolidating third party channels. The opportunity for extended stay operators to establish a greater presence across the distribution landscape has never been more apparent, says Robert Alley of Roomzzz.

"Access to technology, agents, aggregators, meta-platforms, channel managers, the GDS and agile PMS systems has never been easier. The key to market penetration now lies in putting availability, content, and price into the hands of the traveller and the decision maker. Operators large and small cannot be left behind. New platforms and established travel partners are racing to build the most user-friendly and reliable platforms to gain share and win customers."

CityStay's Declan Fitzhenry admits that pre-pandemic, his net wasn't cast as wide as it ought to have been, and that when hotels closed, he was suddenly open to some new markets. *"We've improved our distribution strategy but that is by approaching these new markets and taking time to understand them."*

Integrations

Technology integration has brought greater flexibility, putting clients in total control at every stage of the traveller journey, which is what business travellers request in greater numbers post-pandemic.

These advancements enable companies to implement more dynamic travel policies, with real-time changes via up-to-the-minute travel data. As well as live booking, travel programmes can be more agile, ensuring travellers' safety and security is maintained while still complying with agreed SLAs.

All-in-one booking and travel management platforms consolidate each phase of the booking process, journey, and stay into one centralised and data-secure space. Clients can receive up-to-date market data, financial reporting capabilities, and detailed travel analytics.

Martin Klima, Chief Customer Officer at SilverDoor points out that the serviced apartment sector is always compared to hotels in terms of the technology powering distribution systems, property management systems and so on. He says the comparison is unfair because there are so many niche serviced accommodation providers.

"Our challenge is to collate diverse content and present it in a consistent format to clients. Our platform enables clients to know what we're booking for them and that compliance with their own programmes is being maintained."

SilverDoor's Chief Information & Technology Officer Hanish Vithal thinks that his company's investment in technology to support long-stay, investment in corporate housing programmes is paying off.

"The whole check-in process is slicker and more built-in digital technology. The booking process for extended stay compares favourably with hotel technology that allows you to find an apartment, check availability, book and pay in one transaction.

"Our online booking platform, aimed specifically at the global mobility industry has received great feedback since we launched it in 2018. It enables users to make instant online bookings across a global inventory of apartments and adds a lot of value to our TMC partners, for whom extended stay is now an important offering."

"2022 will see the rise of the office as a 'campus' rather than simply a place to sit and work. With hybrid and home working now the norm for many, this year will see a reimagining of the office space." [29]

Molly Johnson-Jones, Flexa

Remote working

Although impossible to quantify, remote working seems to be here to stay. A November 2021 survey by YouGov for the BBC found that 70% of UK office workers said they would never return to offices "at the same rate" as before the pandemic.

In the same poll, 79% of business leaders agreed that office workers would spend at least part of their time working remotely.[30]

In response, some companies are hiring serviced apartments for board meetings because they offer kitchen facilities, private bathrooms, plenty of space, quiet and privacy without any time limit on use. Isolation may have its benefits, but it also carries risks, especially around mental wellbeing.

However, remote working doesn't always mean working solo. Julia Harnischfeger is MD of German-based JOYN Serviced Living.

"People enjoy having a space outside of their apartment to work in shared spaces. They may not be shared offices, but they are shared spaces. Some competitors are significantly reducing their shared community space in new developments, but it is central to our concept."

As Nick Grassick: Partner, PH Real Estate and The Concierge by PH Real Estate points out, *"travellers don't select accommodation based on the purpose of their stay anymore - it's not leisure or business, but spaces that enable both. Why should I book an exceptional hotel with luxurious facilities, if it does not even offer a comfortable work desk and chair for when I need to work during my stay?"*

Burak Ünver, Managing Director at SMARTments business agrees that remote working is one of the most important trends the global lodging industry must counter.

"A report by German Travel Association DRV predicts that business journeys will decrease by 10-15% in the long term but that length of stay will increase. The importance of a good mixture of extended stay guests and short/mid stay guests is nothing new. Traditional hotels are trying get a piece of our pie, so shouldn´t we do the same?"

Sustainability. Diversity, Cleanliness, Smart technology in-apartment and managing every stage of the trip. Each of these trends pre-dates but has been accelerated by the pandemic. None are likely to disappear soon.

Partner perspective – Frasers Hospitality

Why the Hospitality Industry is Seeing a Surge in the Extended-stay Market

At Frasers Hospitality, we have observed how prevailing hybrid work conditions have recalibrated the needs of the business traveller. With the ease of remote working, executives seek a viable alternative to traditional office settings and the work-from-home format that was dominant during the pandemic. With the option to work from any place and travel whenever they choose the attraction of living and working in a safe and comfortable setting with all the comforts of home, is sparking an interest in longer stays.

Our efforts to create a haven for our guests during the pandemic was rewarded with high occupancy rates at those properties which remained open during the pandemic. Guests appreciated the exacting standards of service, housekeeping options, the flexibility to cook in their own kitchens and the luxury of space that allows them to isolate themselves in separate rooms when necessary.

We believe that this trend will continue, if not grow. Hybrid work is the new normal for organisations, which are also planning trips with environmental sustainability in mind. This results in longer stays, combining business and leisure, which have reduced emissions and maximise value for businesses.

In the longer term, the extended-stay industry must swiftly adapt to the changing needs of travellers who require accommodation options to support their hybrid work or business trips. Larger rooms and apartments with separate living and work areas are key. In-room kitchens are no longer a 'nice to have' but a must-have; flexibility is expected, and green credentials are essential.

29. https://techround.co.uk/guides/predictions-for-the-future-of-work-in-2022/
30. https://www.bbc.co.uk/news/business-58559179

Loft Gustave: Paris Rental

Impact of Covid on the extended stay sector

By Mark Harris

"At a time of mass disruption and demand shocks in the hospitality sector, it is the fundamentals of the core product, which have proven the sector's resilience. Critically, operators have been able to actively target a diverse mix of guests with a long-stay requirement, in need of self-contained, safe, and secure accommodation, underpinned by accredited standard of hygiene." [31]

Knight Frank

What does success look like? In many respects, the greatest achievement of the serviced apartment sector was that most operators stayed open during the Covid lockdown, whilst most hotels closed.

As in previous global crises, serviced apartments again proved their resilience, thanks to a combination of trust and confidence in the product and its operating standards; the sector's ability to react quickly, and the versatility of its lean business model, reducing risk.

Serviced apartments led the hospitality sector in mitigating the impact of the pandemic in terms of isolating and social distancing. Helped by an increase in average length of stay, housekeeping was cut back, public spaces closed to non-residents and room service was largely taken over by Deliveroo. Operating costs were cut, and an already lean business model made even leaner.

Fewer (transient) guests meant substantial reductions in administration costs and commissions to OTAs, plus lower payroll costs, already between 12 - 15% of turnover compared to 28 - 30% in a traditional hotel.[32]

"In 2020 we should have made EUR 11 million EBITDA and we lost EUR 12.4m. That's a big hit, especially for a small company like ours."

Wayne Arthur, CFO, Staycity

Although these factors protected the sector, serviced apartments were not immune to the pandemic. In February 2021, London serviced apartments, corporate housing and aparthotels reported 56% occupancy[33], down 9% year-on-year. By comparison, London's hotels reported 24% occupancy, down from 78% on a year-on-year.[34]

Serviced apartments fared even better in other global regions. Serviced apartment brands operating in Asia-Pacific saw occupancy rates as high as 80%, even during the height of the crisis.[35]

Remote working and the near obliteration of face-to-face meetings may have decimated travel volumes, but the average length of room nights booked by business travellers rose by one night between 2020 and 2021.[36]

"They are that rank-and-file everyday travel," TRIPBAM CEO Steve Reynolds told Business Travel News. *"They want to stay in a different kind of place. If I'm going to be there two weeks, I'd rather stay in something that's homely."*

"The pandemic made serviced apartments more attractive because people who didn't understand it now do. Now, people who weren't sure about it, are."

Elie Milky, Radisson

31. https://www.knightfrank.com/london-report/2020-09-22-advantages-of-the-extended-stay-sector-proven-during-the-global-crisis-
32. Ibid 33.STR 34.https://www.businesstravelnewseurope.com/Accommodation/Serviced-apartments-place-in-post-pandemic-programmes
35. https://www.bworldonline.com/resilience-and-reinvention-in-the-serviced-apartment-landscape/ 36. TRIPBAM

Changing traveller priorities/needs

During the pandemic, everyone was forced to isolate, for which serviced apartments are perfect. Guests don't have to mix with each other; they can order their favourite food, they can eat, work, and never set foot outside their front doors.

As demand rebounds, how have travellers and assignees' needs changed? Lucky Nwosu is Vice President of Rehoboth Property International, a property development company and operator of serviced apartment brand Suites by Rehoboth.

"Clients have seen the advantages of staying in a serviced apartment, standards and expectations have been set. Guests are asking a lot more, not just in terms of the whole health and safety side of things, but the information they receive pre-arrival, the quality of check-in and then the amenities in each apartment. The market is slowly adjusting to that as well."

Daniel Blaauw of South Africa-based MUi STAYS says flexibility is crucial. *"Our clients want accommodation that allows for an extension or cancellation if necessary. Previously there was a strict set of guidelines that laid out cancellation terms, these now need to be more flexible."*

"Previously large teams were travelling overseas and looking for several rooms in a specific area. Now, teams are largely consolidated and staying where each of them needs to be. There is still a drive towards the major cities in Africa, but clients are now more particular on the area of city they would like to stay in."

In the corporate housing sector, project-based working seems to have recovered quickly, as Steve Frey of Oasis Corporate Housing confirms.

"People are going to wherever they need to be, are staying for as long as they need and going home again, rather than relocating their families. They are staying longer but they're not having to spend ancillary funds on things like moving their household goods across the world."

Amongst corporate clients, Frey says some things are as they were pre-pandemic. *"Customers are still asking how I can save them money? I mean, we've all lived in apartments. Have you ever had your rent go down next year? It doesn't."*

"The number one cost of what we deliver is rent. The only way that can be done now is from efficiencies through building technology. But once you've automated, there are no more efficiencies to create. So, the only way you can reduce cost is reduce length of stay, and we are seeing corporates do this to reduce spend."

Fig. 44 Travel managers expect to implement new policies within 12 months

Source: World Economic Forum

37. https://www.weforum.org/agenda/2021/08/business-travellers-demand-flexibility-Covid-19/

Fewer trips, longer stays

Post-pandemic, there will be fewer business trips, but many of those that take placer will be longer. On average, 38% of company employees will travel on business, compared with 40% pre-Covid. Meanwhile 41% of companies expect to make fewer business trips than before the pandemic.[38]

Sustainability considerations, coupled with a focus on purposeful travel makes fewer trips logical. Equally, after two years of relative inactivity the need to win and service business also makes it logical that those trips will be longer. There are other factors driving this, including traveller wellbeing and productivity.

"Many are combining work travel with leisure (workcations) or extending business trips to spend more time in the location, negating the need for multiple back-and-forth's with more flights (which is more sustainable)" says Altovita's Tara Scrivener. Lucky Nwosu agrees. *"Pre-pandemic, our average length of stay was probably around seven days. Now, it's around 14 days."*

Guest amenities

Serviced apartment operators are always keen to respond to guests' changing interests and needs. Some look for shared community amenities such as fitness centres, pools, and lounges. Others are more interested in individual apartment amenities, such as natural light, larger kitchens, in-unit washer and dryers, balconies, or terraces.

During the pandemic, outdoor spaces, reliable (i.e. super-fast) Wi-Fi connectivity and extra space for working all became must haves for guests, travellers, and assignees alike. Extra space and technology providing connectedness, convenience and control are here to stay.

73% of renters say larger living spaces are important, up 5% on 2020, which was before many spent the pandemic year living, working, and playing from home.[39] As a result, developers are reviewing apartment layout as they look to enhance the work from home environment. That includes spaces like islands for eating and working, desk nooks, den plans and larger floor plans overall.

Steve Lowy of Anglo-Educational & The Residence Apartments thinks it will be some time before serviced apartment users see any real changes. *"Physically, you won't see much change over the next two or three years. Where you may see a significant difference, especially in corporate housing, is in furnishings and so forth. We have a large corporate that wants and is prepared to pay for office chairs."*

"If you think about it, why wouldn't you want an office chair in an apartment you're using to work in? Similarly, our newer buildings have five or six hundred meg Internet. It's a better sales pitch than a swimming pool."

Steve's strategic thinking has evolved. *"During the pandemic, the British government's messaging wasn't great. There was a point where we did not have an idea of what we could and couldn't do. We had to produce our own rules around laundry drops. If the company, the agent, and the guest agreed that they wanted a re-clean, we had people on hand to do that."*

"The outside world was scary for other people, so helping people with prescriptions and food boxes and everything else showed we had that inbuilt flexibility. That flexibility is now a massive sales point, like having beds and cots and accepting pets. We had someone who even brought a snake."

"We look at buildings differently. Two new ones in Hoxton and Tower Hill are new builds with built-in internet infrastructure, innovative technology that's very hard to put into old buildings. In new builds our cost of delivery is much cheaper because they are easier to clean, fix and upkeep, so we'd rather take on new buildings rather than looking at old ones. That's a big shift in business strategy."

Greater focus on risk management

Inevitably, Covid threw extra light onto the issue of how risk is managed throughout the supply chain. The main outcome of the pandemic has been the proliferation of accreditation scheme, as SilverDoor's Quality Assurance and Compliance Manager Toby Roberts explains.

"During the pandemic, there was a heightened effort around duty of care, which puts more stress on accreditation and third-party vetting. We are now seeing most RFPs ask for quality assurance information from operators via us. Some of the larger ones have specific lists of exactly what they require in terms of health and safety."

Toby says that the numbers signing up for one or more accreditation scheme have been disappointing. *"Many businesses have been struggling over the last few years and there is a fee involved in accreditation. This is preventing some operators gaining the credit they deserve for the lofty standards they maintain."*

There are a lot of new accreditations coming onto the market post-Covid, which not only leaves operators trying to distinguish the wheat from chaff but raises issues around the actual quality of some accreditations, some of which are self-assessments. As Toby puts it, *"it's like marking your own homework. How much weight do they carry?"*

38. https://www.fleetnews.co.uk/news/fleet-industry-news/2021/09/17/two-fifths-of-firms-expect-to-make-fewer-business-trips-post-pandemic
39. Assurant Inc. 2021 Multifamily Housing Renter Perspective Study

Launching a new brand in the pandemic

Lockdown didn't stop several new brands launch in what easily qualifies as difficult circumstances. These included Stay & Co, Bob W, Your Apartment, Stay, Capital Residencies, Charles Hope Apartments and Gravity in the UK alone.

Cheval Collection launched a new urban lifestyle serviced apartment brand, MY Locanda. Daniel Johansson, Director of Development & Acquisitions, Cheval Collection, said *"The serviced apartment market continues to evolve, and we are thrilled to be launching MY Locanda and meeting growing demand from guests for stylish, design-led apartments where they can feel part of the local community."*

"We have been developing MY Locanda for several years as the perfect partner to our existing set of brands. It is important for us to launch MY Locanda to underscore our commitment to this new and exciting phase in our growth and the evolution of the serviced apartment sector."

Oakwood launched three new brands during 2020 and 2021, starting with Oakwood Beluxs, followed by The Unlimited Collection by Oakwood and Oakwood Living, the last in November 2021. CEO Dean Schreiber explains the company's thinking.

"The pandemic has altered guest expectations on traditional hospitality services, and there is enormous potential to benefit from this trend. With the emergence of a new generation of travellers and the desire for owners to reach this emerging market of consumers, Oakwood identified opportunities to provide for guests who value authentic engagement and personal lifestyle as much as service excellence."

"With the extended stay sector fast becoming a preferred choice of accommodation amongst both owners and guests, the pandemic served to accelerate our plans for intended brand launches."

London-based Domus Stay also launched mid-pandemic. Rachel Angell is Chief Operating Officer. *"We originally planned to launch in summer 2020 but the pandemic happened. Ironically, this gave us time to focus on both the customer and homeowner experiences; to build a brand, which would stand out in a saturated market and present our proposition eloquently."*

"In the end, we launched in April 2021. We started welcoming guests from around June and effectively the phone really started bringing from August when international travel resumed. The major issue was that our core clients were simply not traveling so we had to think about things in a unique way."

Maintaining competitive advantage

Like it or not, the pandemic handed extended stay a competitive advantage compared to hotels. But how long will it last? Gavan James of Nomad Temporary Housing sees challenges ahead.

"Providing you're careful not to chase weekend stays or five-day stays in London, and you've gone after the long stay market, you're well positioned. Above a 30 day stay, you're golden because even in a time of crisis, those properties emptied out much slower than somebody who was chasing the leisure market."

"Some VC-backed brands who have entered the market in the last three years went out and master-leased thousands of apartments in top European cities on long-term leases of five and ten years. They were going after the Airbnb traveller but caught a big cold because next to nobody travelled and they didn't have the long-term renters to replace them."

"Professionally managed properties like the Ascott and Frasers had the right balance of short and long term stays so they had better rates of resiliency. They didn't trash their rental rates down to, £50 per night. To be competitive, they set limits and left apartments vacant rather than drop rates any further."

Outlook

In what we used to call 'normal times,' the sleek serviced apartment/aparthotel model, with limited food & beverage offering and high-yield accommodation business, would make a gross operating profit 55% to 65% higher than a hotel.

In the new (make that latest...) normal, performance may be well below budget, but serviced apartments remain profitable and, with so many lessons having been learned, sector businesses have the tools to take that performance to new heights.

Confidence in the extended stay product has been supercharged, which should make decisions at both ends of the supply chain better informed and innovative operators in pole position to reap the greatest rewards.

The evolution of the sector has also given a new momentum, driven by greater empowerment of customer to make their own accommodation choices.

Is accreditation important?

By Mark Harris

In February 2022, International Serviced Accommodation Accreditation Process (ISAAP) launched its Security Accreditation scheme for serviced accommodation and corporate housing.

Audited by UK Government-regulated awarding organisation SFJ Awards, the scheme enables serviced apartment providers of all sizes to demonstrate their commitment to high levels of security. It also marked the latest move in an increasingly crowded accreditation landscape.

The story really starts in 2003, when Quality in Tourism was operating & delivering national accreditation schemes for Visit Britain. Since them, several milestones have been passed, notably the launch of ASAP's Quality Accreditation Programme in 2014; The AA's star rating scheme for serviced accommodation followed in 2016.

Why accreditation?

Although the pandemic brought into sharp focus the importance of cleanliness standards, creating consistent standards across the board has long been a goal for travel and relocation managers alike. Compliance and accreditation are an integral part of corporate travel.

Decision makers want to know all reasonable steps have been taken to ensure their employees safety and welfare. So, independent assessment is needed to evidence that operators and buildings are legal and safe, whilst operators merit their inclusion on any corporate's programme.

Valid accreditation schemes can engender credibility, trust, and confidence in smaller or independent operators, helping to assure buyers that they know what they are doing and that a great guest experience awaits.

These schemes go beyond quality, legality, and safety to include other benchmarks of service, amenities, and company culture, to measures that will support corporate ESG objectives. These include sustainability accreditations such as ISO14001, REST by QiT, and EcoSmart by Greengage. Most are busy aligning themselves with the UN's 17 Sustainable Development Goals (SDG) and climate change targets.[40]

The Global Healthcare Accreditation Programme has launched new accreditation programs for hotels looking to attract wellness and/or medical travel guests. Both accreditation programs — WellHotel for Well-being and WellHotel for Medical Travel—focus on validating the programmes hotels provide for these growing niche markets.[41]

Navigating the maze

So far so good. Problems arise when multiple accreditation schemes come onto the market. In 2019, and in response to client feedback, SilverDoor undertook a major global project focusing on quality assurance and compliance. Quality Assurance and Compliance Manager Toby Roberts explains the rationale and main findings of the project.

"Many of our major clients have detailed Health and Safety requirements. We wanted to give operators the means to highlight their compliance with these requirements, and for a wider range of accreditation bodies to be recognised."

"While quality-led star ratings add value, clients primarily want assurance that the apartments their travellers choose are safe, clean, and adhere to the necessary legislations. Furthermore, property level accreditations are regarded as vastly superior to operator level evaluations and/or evaluations that don't incorporate a physical inspection."

As a result, SilverDoor created its own set of minimum standards covering quality, compliance, and service levels that all operators must adhere to. There are over 70 H&S data points alone, with additional documentation required where relevant.

Third-party screening services have been introduced with a range of tools allowing individuals and companies to be checked for possible 'red flags' secluding charges and convictions for money laundering, modern slavery and so on. The agency also recognised two accreditation schemes, Quality in Tourism (QiT) and Common-Sense Compliance (CSC).

"By working closely with the accreditation organisations we know which operators are accredited and use this information internally to make sure the most compliant and safest properties are prioritised" says Toby.

40. https://sdgs.un.org/goals
41. https://www.hotelmanagement.net/operate/gha-program-launches-wellhotel-accreditation

> *"The confidence clients get from consistency in accreditation schemes is strong, so we are guiding them through a maze of different offerings. It's about ensuring the right match of assignees or travellers with accommodation product. We want a stay to start off happy and end happy."*
>
> **Shabina Awan, SilverDoor**

Mandated or optional?

Deborah Heather of M-Assessment used to run the Visit England accreditation scheme. *"I always think that when something isn't mandatory the bad actors opt out and that's what we're finding now with accreditation in extended stay."*

"The risk is that the poor performers could dominate perceptions of the industry, especially, now customers are more aware of deposits, issues around getting their money back and cleanliness, than they were pre-pandemic."

"There is a real blurring of lines between what a product was originally intended to be and what it becomes, and between what operators can and can't do. Misleading the customer reflects badly on us all."

In early 2022 it was announced that the British government is to look at setting up a holiday lets register for England, amid concern that a lack of affordable homes is destroying communities.[42] It promised a consultation that would also study the effect of websites like Airbnb. In Scotland, a licensing scheme is under consideration.

The research paper that prompted the announcement (growth in short term lettings) makes it clear that locations outside London could be brought into line with the capital, where anyone who wishes to use residential premises for short-term accommodation for more than 90 nights in a calendar year must seek planning permission from their local planning authority.

Deborah has mixed feeling about developments at Westminster and Holyrood. *"It's a hammer to crack a nut but it acts as an incentive to do the right thing because there's a mixed bag of people and products, especially in the sharing economy. They think they can just make a little bit of money without having the knowledge of the compliance issues."*

"The good thing about registration schemes is people take it seriously. It makes it easier for a local authority to prosecute where operators are not meeting the requirements. Nobody wants to put anyone's life at risk. However, whilst registration will make it better, it won't solve all the problems."

42. https://www.bbc.co.uk/news/uk-politics-59900299

Corporate concerns

Lee Whiteing used to be Global Head of Travel for HSBC Bank. Today, he is poacher-turned-gamekeeper, working with Global Secure Accreditation (GSA), new owners of ISAAP.

"When I was a travel manager, I was always concerned that many corporates did the absolute minimum to cover themselves. They asked a few questions in RFPs about safety and security but didn't put much faith in the quality of the answers because there was a perception that some operators would supply responses that would get them onto the programme."

"In terms of non-hotels, my biggest concerns were always around home rental products like Airbnb. They represented the biggest risk and, even today, lots of corporates are uncomfortable having them on their programmes. There are also concerns around mixed use buildings where there are serviced apartments, but some are privately owned, have separate landlords but no reception."

As people start to travel again, corporates are up-dating authorisation policies to determine who can travel and who can't. The introduction of ISO31030 has crystallised many of these issues. Introduced in April 2021, ISO 31030 helps companies manage business travel risks and may potentially be used by courts as a benchmark in litigation.

Lee believes that serviced apartments agents and aggregators need to inject some urgency into their clients' decision making. *"It's about the entire Journey from start to finish. It's about the fact that the corporate entity is responsible for that individual when they're traveling for business, from the minute they leave home to the minute they return."*

How existing schemes differ

Effectively, accreditation schemes differ in three main respects.

- Those that are self-assessed or verified; effectively marking their own homework, or via third parties like QiT, CSC, ISAAP or Bureau Veritas.
- Accreditation at a company level, such as an ISAAP Quality assured provider, or accreditation at building level, such as ISAAP building or QiT Safe Clean & Legal.
- Those that focus on Quality, Compliance, Security or Sustainability.

So why has no single scheme emerged that is practical for operators and has resonance with corporates? Toby Roberts says, *"one globally recognised scheme has its advantages, but multiple schemes create competition and* *continuous improvement. Accreditations within the UK and EU are relatively well known, but in the US, and APAC, fewer providers are accredited."*

"Although demand for duty of care and sustainability is becoming more important to the corporate traveller, the uptake in accreditations has been lacking. More needs to be done in educating the travel buyers on the value of third-party certifications, the demand from them, supported by the agency community, will drive uptake by operators."

What accreditation schemes should cover

Roberts believes having multiple accreditation types gives operators choice to undertake one suited to their business. *"It's important that accreditations clearly define what they cover so corporates know what they are looking at. A consultation approach rather than purely a pass or fail is more valuable."*

Property level accreditations carry much more weight to our clients as they require annual site visits and inspections. We are often required to inspect properties for clients prior to their stay, so vetted accreditations carry a lot of weight with us."

As Lee Whiteing points out, one of the challenges with ISO 31030 is it might encourage more entrants who will reduce accreditation to the lowest common denominator by providing a service they feel just about ticks each box, thereby making it a numbers game. *"So it's up to corporates to make sure that the product they get covers their requirements, and needs, and gives them confidence."*

Security

During the pandemic, a mini ecosystem of suppliers sprung up, each offering operators advice, help and accreditation that their accommodation was a safe place to work and visit. ASAP introduced a 'Stay with Confidence Promise'[43] whilst CSC introduced a Covid 'Safe Place to Visit' initiative.[44]

GSA, which acquired ISAAP in July 2021, was set up by former senior Metropolitan Police officer and Head of UK counterterrorism Bob Quick, who was also responsible for the security of the royal family, Prime Minister, cabinet and visiting dignitaries. Lee Whiteing picks up the story.

"Bob spotted a gap in in the security of business travel that was highlighted by the Mumbai attacks. There are multiple layers of security across aviation and flying, but not in accommodation. GSA was set up to provide independently certified security and safety accreditation for hotels, extended stay, and other types of accommodation."

"GSA does not accredit a hotel or a property. We gather the evidence and carry out the assessments and then present that information to SFJ Awards, who are OFQUAL recognized in the UK, and they give that accreditation. This avoids any conflict of interest because, at the end of the day, there is a cost attached to accreditation that the property must meet."

"During the pandemic, we introduced Covid safe accreditation. Now, our standard accreditation includes pandemic (rather than Covid-specific) response, so we are ready for whatever might come. However, we still believe Safety and Security is a huge issue, even if it wasn't top of everyone's agenda when people weren't travelling."

"Our market is very much corporate travel managers and risk managers. We are not going to extended stay operators because we'd just be another company trying to sell a product which they may or may not buy. But if one of their major customers asks them to be accredited by an outside agency, and then four or five others do the same, that's another matter."

Relevance and regionality

"Personally, I don't think a one-off certification has any value. You'll always find something that gives you a label to put on a website."

Julia Harnischfeger, JOYN Serviced Living

Whilst most operators welcome any initiative that improves the perception of serviced apartments through enhanced standards, they are not yet convinced the right solution has been found.

"Accreditation provides guests with assurance that we knew what we're doing, providing the accreditation is up to date" says Steve Lowy of Anglo-Educational & The Residence Apartments. *"We must be accredited for Education too. For us to deliver education, we're accredited by the Quality Assurance Agency for Education. If we don't get QAA accreditation, we can't issue visas."*

"As a serviced accommodation provider, we're accredited through ASAP, and the feedback is always helpful. It takes someone who stays in a lot of apartments to highlight areas for improvement. It also weeds out rogue operators."

43. https://www.relocatemagazine.com/articles/serviced-apartments-serviced-apartment-visitors-can-now-stay-with-confidence-as-hygiene-guarantee-launched-for-sector
44. https://www.cs-compliance.co.uk/Covid-19-accreditation/

Kim Krollman of Owl.Rentals highlights the issue of regionality and the internationalisation of accreditation. *"Nobody gets accredited for free. Ultimately, that means factoring accreditation fees into our rates, which is a real problem when inventory fluctuates as it does in the US. So you've got 50 apartments one week and 40 the next and they're all in different buildings. Should the criteria be the same when the product in Montana is so different in New York or LA? "*

Steve Frey at Oasis Corporate Housing agrees that accreditation schemes have historically not taken regional variations into account. *"The first lesson I learned when we started to expand outside the US was just because you do something one way in one part of the world, it doesn't mean that's the way that it operates in other parts of the world."*

"If you want to be successful in doing that, you need to recognize and respect the way business is done in each different part of the world. I think the accreditation schemes have fallen behind on that concept. I would like one that is more geographically focused."

For Julia Harnischfeger at JOYN Serviced Living, the question is who accredits the accreditation schemes, and how. *"We have seen initiatives pop up from different networks that are part of a serviced apartments in Germany. They produce certifications, but the content of these certifications makes no sense. There are food and beverage criteria that apply in a serviced apartment with no restaurant or bar. It shows so little understanding of our industry."*

"Some countries are more complex than others and each has different models, rules, and legislation. Some accreditation companies are also thinking purely in terms of tech, instead of a mix of tech and local representation."

"For example, Portugal is much more interested in the responsible and sustainability pieces. So the middle of Lisbon, where they've got all sorts of restrictions in terms of what they can do. In terms of planning, is vastly different from one part of the city. In Southern Europe they are more interested in water conservation, whereas in northern Europe, they are more interested in energy matters."

Deborah Heather, M-Assessment

"My issue with accreditation programmes is that they are always reactive. It could be two or three years before we see standardised industry sustainability practices. Anybody that operates within this space can't wait for it to become part of an accreditation process."

Declan Fitzhenry, CityStay

Kim Krollman of Owl.Rentals highlights the issue of regionality and the internationalisation of accreditation. *"Nobody gets accredited for free. Ultimately, that means factoring accreditation fees into our rates, which is a real problem when inventory fluctuates as it does in the US. So you've got 50 apartments one week and 40 the next and they're all in different buildings. Should the criteria be the same when the product in Montana is so different in New York or LA? "*

Challenges

Inertia is, according to Lee Whiteing, the biggest challenge accreditation providers face in driving market share. *"Accreditation isn't top of anybody's agenda because there's a massive lack of awareness out there, especially amongst the TMCs and some specialist serviced apartment operators too."*

"The general reaction of many people to accreditation is that it is common sense, and we should just do this. The barrier is that, due to the pandemic, corporate buyers have less influence over suppliers than they did two years ago because they haven't been giving them any business. It's going to take us some time to get back to that position."

Despite evidence demand for serviced apartments is outstripping supply right now, Lee believes that corporate travel spend will lag well behind pre-pandemic levels for some time to come.

"Accommodation providers are fighting for a share of a much smaller budget, so they will do whatever they can do to stand out from the crowd. Success for us will come when a global client, or group of clients, mandate every accommodation supplier, including hotels, to be accredited. That will then create the consistency of approach."

How does the serviced apartment operator know which scheme or schemes to adopt? Deborah Heather says operators must put their research in. *"SilverDoor spent 18 months researching what we do, don't do and came up with standards that apply to their bookings."*

CorporateHousingFactory.com

StayCity.com

There's a lot of education to be done. Corporates may have reviewed existing accreditation schemes from a consumer's perspective, but trade associations like the BTA, ITM or GBTA are probably best placed to lead an industry-wide appraisal. What role should the TMC community play, for example?

"The challenge is that in the average TMC, serviced apartments are probably only 5% of their clients' accommodation, spend and TMC systems are basically legacy systems" says GSA's Lee Whiteing.

Deborah Heather's biggest hope is that accreditation becomes widely recognised and something to which operators aspire. *"It did become a tick box exercise that wasn't really giving operators value-for-money or any real feedback."*

"The next stage is to achieve real understanding of the impact of accreditation on operators' bottom lines. Once we can quantify the Return On Investment, they will understand the positive impacts. Then, it's about getting accreditation recognised and consumers to value third-party guarantees."

Investor outlook

By Marie Hickey, Savills

One thing is clear, every part of the hospitality sector has felt the pain of the pandemic as the demand tap was effectively turned off. For extended stay, however, the depth of that pain was perhaps less marked with its recovery looking to be outpacing that for hotels.

So, why have serviced apartments fared better? Well, it has a lot to do with the longer staying guests typically found in the sector and the more attractive environment when it comes to the need to social distance.

When European markets initially locked down a notable share of guests remained, supported in part by the fact that the environment better facilitated home working. Post lockdowns, the business and leisure demand that did return tended to view extended stay more favourably due to better social distancing potential, boosting the operational recovery.

This relative operational resilience has helped pique investor appetite on the back of mounting transactional activity seen prior to the pandemic. For example, European transaction volumes reached €496.6 million in 2021 with the UK remaining the biggest single market. While this was down year-on-year this was on the back of a strong 2020 where volumes were 8.4% above those reported in 2019, with lack of stock rather than lack of investor interest tempering transaction volumes.

Sector maturity reflected in institutional investor activity

One of the strongest signs of sector maturity has been institutional investor activity, which has continued over the last 18 months. For example, since 2018 institutional buyers (including cross border acquisitions) have accounted for 56% share of European serviced apartment acquisitions, exceeding the 51% share reported for hotels.

Notable transactions in 2021 include Abrdn (formerly Aberdeen Standard Investment) acquiring Room2 Southampton for £10 million reflecting a yield of 4.98%. This was a sale-and-leaseback with the operator signing a 30-year index-linked lease. Similarly, German buyer, Union Investment, completed on the new Wilde by Staycity Aldgate site for £51 million, also with a 30-year lease in place.

This institutional appetite for extended stay reflects a continuation of the mounting activity seen prior to the onset of the pandemic. In 2018, which was a peak year for volumes totalling €1.2 billion, institutional buyers spent €722 million representing a share of 60%. The following year institutional market share increased to 77% of volumes equating to €614 million. In contrast the preceding years of 2016 and 2017 institutional buyers only accounted for an average of 33% of volumes.

The significant increase in activity amongst institutional investors immediately prior to the pandemic was driven, in part, by more leased investments coming to the market and an appetite to diversify hospitality investments.

These types of opportunities have been relatively limited post 2019 and is one of the reasons why recent institutional activity has been muted, albeit operational uncertainty generated by the pandemic has also come into play. Yet, while they are buying fewer extended stay assets their continued confidence in the sector has been reflected in the pricing these buyers are paying to secure assets.

Yield gap narrowing between extended stay and hotels

As highlighted by the two transactions noted above, indicative transaction yields for leased extended stay opportunities are largely on a par with those for hotels. For example, the 4.98% yield on the Room2 Southampton is in line with the sub-5% yields regularly achieved across traditional leased hotel assets in the UK.

While the downward pressure on yields highlights the growing investor appetite for extended stay over recent years, what is more telling is the shrinking yield gap to hotels. Back in 2016 the yield spread in London for leased assets was between 100-125bps (basis points), shrinking to 50bps in 2020.

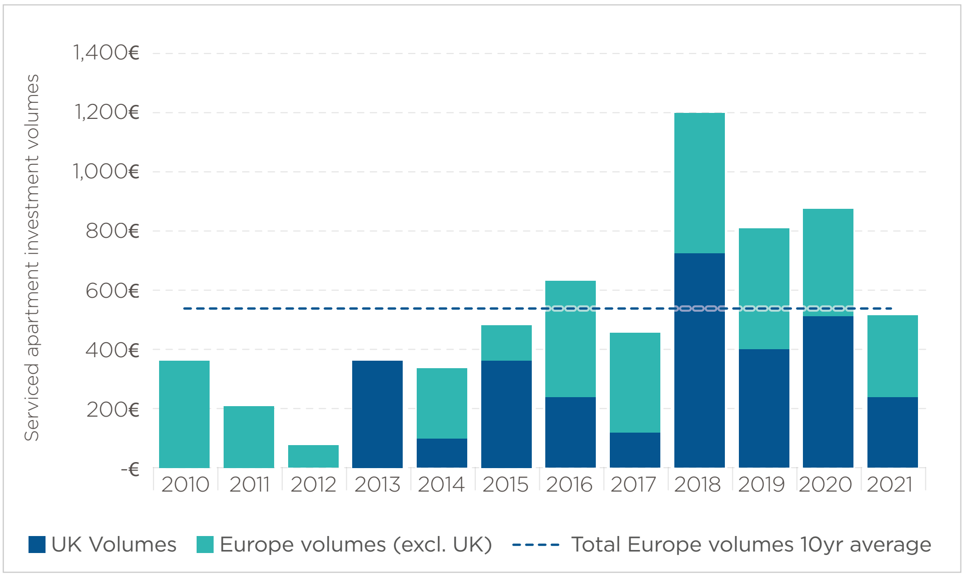
Looking ahead; stock availability remains an issue

The pandemic has highlighted the relative resilience of the extended stay sector to downturns, and in turn raised its guest appeal, which will no doubt help to boost investor confidence going forward.

In addition extended stay's typically leaner operational model, meaning it has been more insulated to the staff availability pressures seen across the wider hospitality industry, has and will continue to garner investor interest.

Perhaps the biggest challenge to investors will continue to be the lack of purpose-built stock, meaning opportunities to access the sector currently lie within platform/operator investment, future development, and repurposing projects. It is this that could generate the greatest headwinds to transactional activity in 2022.

Fig.45 European extended stay transaction volumes 2010-21



Source: Euromonitor International, Travel 2022 edition

Midsummer Mews, CityStay

Industry perspectives

"The rise in investment in build-to-rent properties will provide opportunities for Extended Stay. Funds are seeing BTR as a worthwhile place to put their money. At the same time I don't see investment in aparthotels slowing down. Some VC-backed brands have seen this as an opportunity to accelerate their pipeline growth."

"The more risk-averse investment companies may continue to look at hospitality with trepidation, but those more risk-tolerant have seen the closure of hotels, the folding of smaller local Regional providers, the coming out of buildings of major corporations and conversions from commercial into residential spaces. So there are opportunities still out there."

"Sustainability will become a big part of investment decisions too. Running properties comes with some pretty uncertain, unsustainable overheads. If you can build it in a more sustainable way, then you're going to reduce those overheads. So it suddenly becomes a more attractive proposition to an investor."
Declan Fitzhenry, CityStay

"It's striking to me after 40 years in the industry that you need \$200m – \$300m to start a furnished apartment brand. Instead of sourcing an apartment to take a rental, or find the rental to fill your apartment, some brands are leasing thousands of apartments from developers, then furnishing them."

"Some VC-backed brands have gone after some weird buildings in neighbourhoods I would not walk around after 6:00pm. They rent them because they had a developer willing to rent them. It could take the developer years to lease them entire building so, this brand with lots of money comes along and the lease is signed without either party thinking about whether people will want to stay there."

"Many of them go after the leisure traveller because chances are he or she won't know that the building is on the wrong side of town. A Marriott Hotel in a business district survives because it has the Marriott hotel reservation system generating thousands of bookings. They fill the hotel with leisure business at weekend and price accordingly. During the week they do the same with business customers, which they do because there's a conference on-site, a bar and room service."
Gavan James, Nomad Temporary Housing

"Operators are adopting asset-light model, giving them the flexibility to expand quickly and to have opco and propco under the same ownership, with an aligned vision." [45]

"In January 2022, Fortress Investment Group acquired a majority stake in Dublin-based PREM Group, which owns a significant number of the 38 properties it manages. In the US, Blackstone and Starwood Capital's \$6.3 billion acquisition of Extended Stay America sent out a statement. ESA owns most of its 650-odd hotels, making it the biggest owner/operator in the world."

"Blackstone has continued its shopping spree, acquiring the 15-strong Condor Hospitality Trust portfolio. Service Properties Trust (SVC) is a major owner of extended stay hotels and has a significant stake in hotel company Sonesta. SVC re-branded over 200 hotels previously operated under the IHG and Marriott brands, as Sonesta Suites."

"In Europe, Brookfield and edyn are reaping the benefits of aligned ownership, with the Locke brand opening an impressive six properties in 2021 – and having an even stronger pipeline for next year. Dutch pension fund APG is also getting in on the act and is busily acquiring properties for Amsterdam-based City ID and London-based The Other House to operate."

"I don't expect the likes of Marriott and Hilton to suddenly go on an asset shopping spree, but over the last two years, when landlord and tenant relationships have been tested like never before, the extended stay space is leading the way when it comes to exploiting the numerous benefits of close alignment between owner and operator, a trend I expect to gain momentum in 2022."
George Sell, Serviced Apartment News

45. https://servicedapartmentnews.com/features/serviced-apartment-and-extended-stay-industry-trends-for-2022/

Regional reports – introduction

In the fifteen years since GSAIR first appeared, the extended stay sector has grown from 452,051 units to 1,299,328, an increase of almost 350% in fourteen years.

As Figs 46 and 47 show, the pandemic has not affected regional market shares significantly, although both the US and Australasia both report that growth in supply has slowed since our last GSAIR.

Fig.46 Growth of serviced apartment locations by region 2018 - 2022

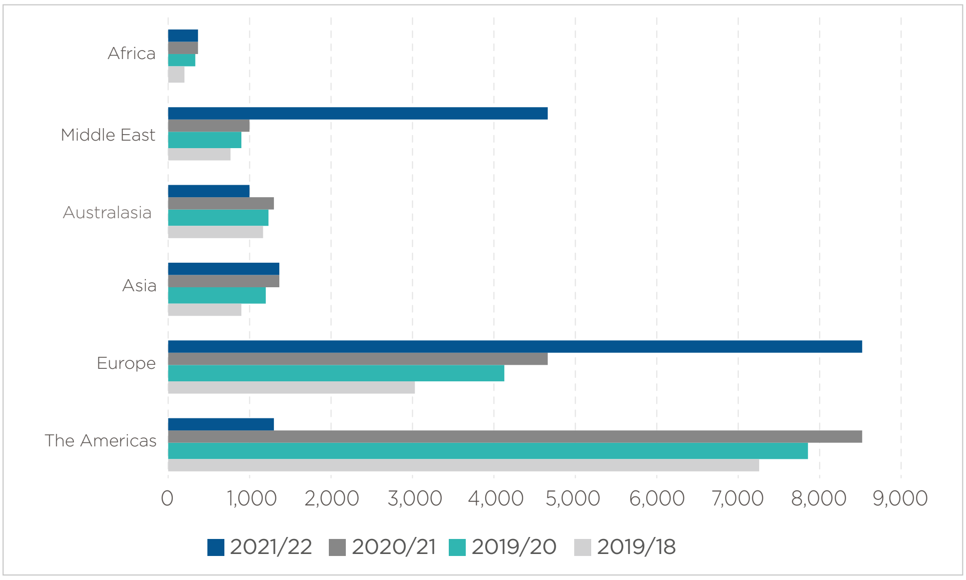
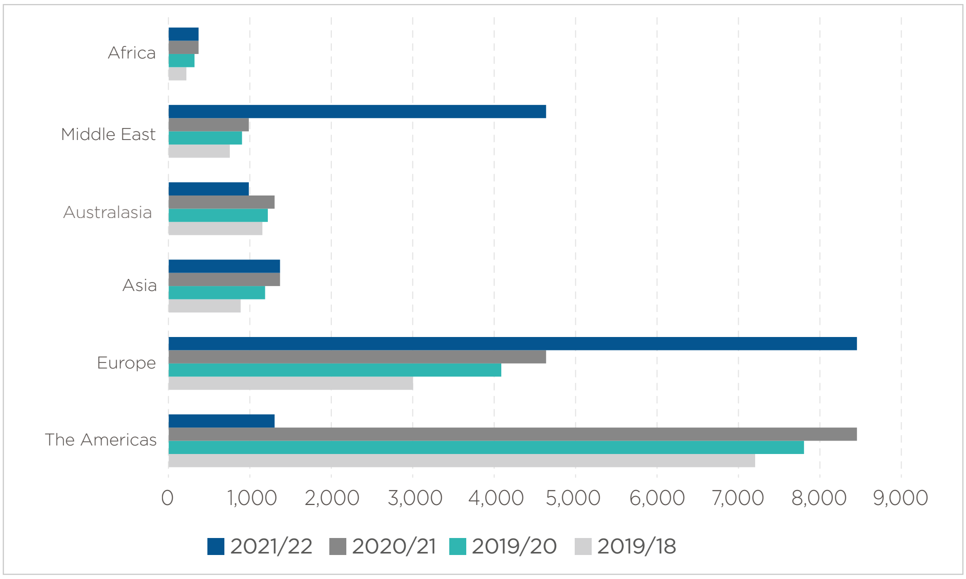


Fig.47 Growth of serviced apartment locations by region 2018 - 2022



Similarly, back in 2008, serviced apartments could be found in 6,722 locations. Today, that figure has risen to 17,054, nearly a four-fold increase.

In terms of regionality, the U.S. has maintained its position as the largest market in terms of supply, with Europe in second position.

In this year's report, we have again invited local serviced apartment and corporate housing operators to provide first-hand accounts of the pandemic's impact on their region, how travellers' needs have changed, and the outlook for recovery.

Regional report - Africa

By Daniel Blaauw, MUi STAYS

We have been keeping a close eye on the post Covid resurgence in business travel to the African continent. Much of the continent relies on tourism and this sector is starting to show increased demand now that travel restrictions are slowly being lifted and with more carriers seeing justification in reopening their routes to Africa.

In 2019, the hospitality sector accounted for approximately 7% of Africa's overall GDP and contributed $169bn to its economy – about the size of Ethiopia's and Ghana's GDP combined.[46]

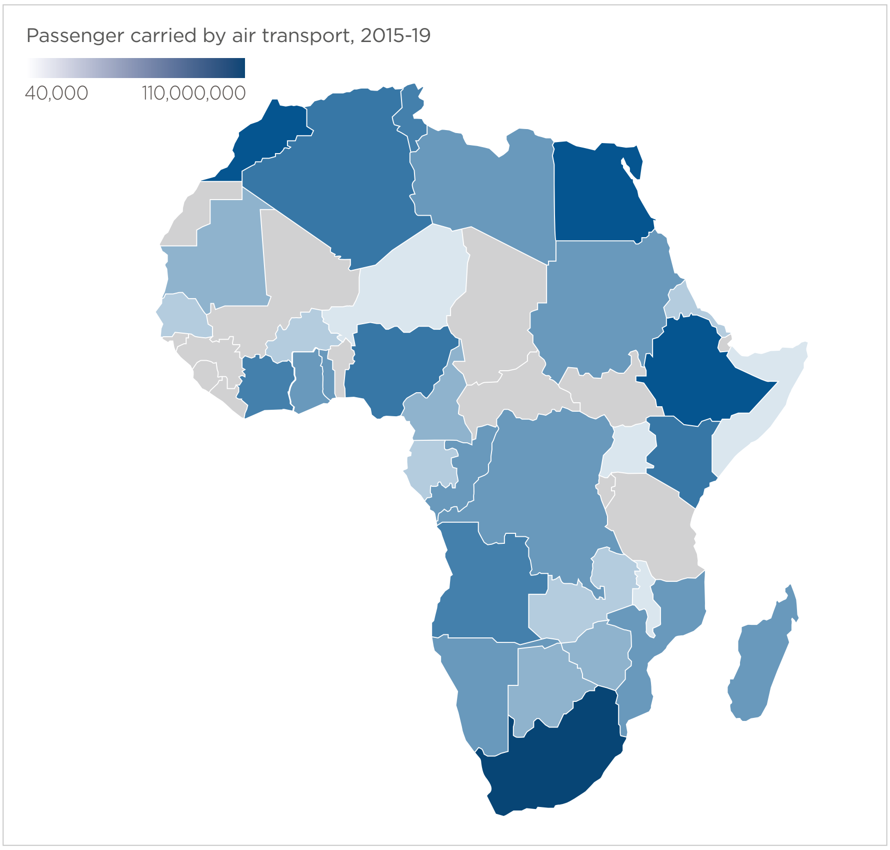
International tourism inbound receipts in Africa amounted to a total of $24.7bn in 2019 and the average visitor spent $660.70. Western and southern Africa accounted for 35% each of the sub-Saharan region's total travel and tourism GDP while eastern Africa made up the remaining 30%. Southern Africa accounted for 49% of international travel arrivals while eastern Africa made up 28% and western Africa 23%.

Pandemic impact

The Covid pandemic decimated businesses across Africa's hospitality supply chain. In July 2020, the African Union estimated that the region lost almost $55bn in travel and tourism revenues and about two million jobs in the first three months of the pandemic.

The International Monetary Fund estimated that the real GDP among African countries dependent on tourism shrank by 12% in 2020. African airlines lost an estimated $10.21bn in passenger revenue last year and are expected to lose $8.35bn this year, according to the African Airlines Association.[47]

Fig.48 Inbound air travel to Africa



46. International Finance Corporation (IFC), part of the World Bank

A legacy of the pandemic is a demand for greater work flexibility and towards remote working. We are seeing clients wanting residential options which include amenities such as additional rooms for working remotely, access to green space, access to good healthcare and reliable, high-speed digital connectivity topping their considerations.

"Africa has so much potential, it can just be difficult to fulfil it. in terms of international visitor numbers, South Africa, Egypt, Morocco, Kenya, Tanzania, Ethiopia, and Nigeria are the most significant markets in the region. Most visitors to East Africa are coming for leisure purposes. In West Africa – including Nigeria – it is mainly for business."

Trevor Ward, owner of Lagos-based W Hospitality Group

Recovery

Despite some westerners being put off by Africa's low vaccination rate - as of February 2022, just 11% of the African population had been vaccinated[48] - military coups in Sudan, Mali, Guinea and Chad, conflict in northern Ethiopia, plus escalating violence in South Africa (where the murder rate is higher than Mexico's), hotel operators are reporting that occupancy has started to pick up.

Made up of 55 countries and geographically huge, many parts of Africa are safe. Africa is about to see a wave of new airports constructed. Ethiopian Airlines will build a new $5bn mega-airport in Addis Ababa, located 39km south-east of the city. With four runways, it would be bigger than London Heathrow and serve as many as 120 million passengers a year.

Other countries are also planning major new airports. In November 2021 there were 37 new airport projects under construction or planned in Africa, with an estimated value of $16.6bn.[49]

The $400m Kigali Bugesera International Airport in Rwanda should be completed by the end of 2022, including a 30,000m2 passenger terminal with capacity for 1.7 million passengers a year. Qatar Airways has a 60% stake in the project. There are also plans for a new $250m airport at Ouagadougou, capital of Burkina Faso, co-financed by Marseille Provence Airport.
By investing in infrastructure, the region's lodging sector should also benefit. African governments are major consumers of transient accommodation and conference space, but local coffers are empty and with business travel volumes yet to recover, the lodging sector's recovery is likely to be driven by executive relocation and temporary accommodation demand going forward.

PwC predicts hotel room revenue for the five markets will increase 7.4 % to R50.5 billion in 2022 from R35.2 billion in 2017.[50]

South African hotel room revenue is expected to grow 5.6% in 2022. An additional 2,900 guestrooms will be added to the market's inventory over the next five years. Occupancy rates will continue to grow over the next five years, reaching 62.5% in 2022.

PwC expects Nigeria will be the fastest-growing market over the next five years. Several new hotels are scheduled to open during this period. Kenya, Tanzania, and Mauritius are forecast to be the next fastest growing markets with increases of 9.6%, 9.1% and 7.2%, respectively. However, South Africa is projected to be the slowest growing market with a 5.6% increase in rooms revenue.

"Along with the anticipation of an impending travel boom, the well-regarded EHL School of Hospitality has stated that Africa holds a "unique joker up its sleeve" because of its younger generations, which have been described as learning through innovation and pragmatism as opposed to simply receiving investments."[51]

Forbes Magazine

Partnerships and investments

Increased interest in Africa is centred on the usual locations such as Nigeria, Kenya, and South Africa but coming into play are also those countries aligned to Rand Merchant Banks' report on where to invest in Africa.

RMB's report highlighted Egypt and Morocco as #1 and #2 emerging destinations for foreign investment in Africa. Ghana is also a location that

47. https://www.investmentmonitor.ai/sectors/tourism-business-activities/western-tourists-africa-business-travellers-Covid
48. https://news.un.org/en/story/2022/02/1111202 49. CAPA Airport Construction Database 50. https://www.hotelmanagement.net/revenue-management/africa-s-hotels-set-for-continued-growth-by-2022#:~:text=PwC%20predicts%20hotel%20room%20revenue,droughts%20and%20other%20regulatory%20changes. 51. https://www.borgenmagazine.com/africas-hotel-industry/

has received increased interest in 2021 sitting at #6. Other locations to watch are Mauritius #7 and Rwanda #4 according to Rand Merchant Banks attractiveness rating report.

The COP26 summit in Scotland highlighted the need for the 'developed nations' to provide financial and technical assistance to the developing world to assist with the global initiative to reduce carbon emissions.

The African Green Economy is a large driver of foreign investment across Africa. There is an abundance of opportunities for the green economy to grow particularly in the form of sustainable energy creation.

We are noticing commitments to funding of projects that are particularly focussed on the utilization of solar, wind and hydroelectric opportunities on the continent already. There are many examples including...

- Angola is working with Sun Africa and the US company Africa Global Shaffer and will create what is set to be Africa's largest mini-grid energy project.[52]
- London-based Chariot is working with the Mauritania Ministry of Petroleum, Mines and Energy to development a green hydrogen with the goal of producing the cheapest green hydrogen in Africa.[53]
- The South African coal industry provides work to more than 120,000 people and has been relied upon for the country's electricity supply for decades. At 2021's COP26 Climate summit South Africa announced that it has received $8.5 billion in financing over the next five years to support the transition to green energy and away from coal.[54] Part of this investment includes funding provided by Amazon's Jeff Bezos (see below).

Tech companies and Telecoms are also going to be drivers of travel to the African continent. There has been much media debate about the Ethiopian cellular market, the bids invited for a stake in the local operator Ethio Telecom and the awarding of a license to the Vodafone and Safaricom consortium.

With a population of over 110 million the Ethiopian market is an exciting one for the tech companies supplying cellular network infrastructure and the devices that sit on cellular networks. The cellular technology demand is continent wide, and we expect to see a post Covid resurgence of travel from the international suppliers to this industry.

In the broader tech space we are excited about the commitment of the biggest players in the industry to a presence in Africa.

- Google has committed to investing $1 billion in Africa over the next five years including $50 million in Africa Based start-ups.[55]
- Facebook (or Meta) has invested in Africa submarine cable system as part of its drive to add a billion new users to the internet. They are also suggesting that they will deploy their Bombyx, aerial fibre deployment robot as part of their Africa fibre rollout plan.[56]
- Amazon is committed to creating a presence in Africa and Cape Town is already seeing the new Amazon office coming out of the ground. In addition to their office and the economic benefit that ought to bring Amazon is building a 0-Megawatt solar project in the Northern Cape province in South Africa.[57]
- At COP26, Jeff Bezos pledged 2 billion dollars to land and forest restoration in Africa.[58]

Despite the pandemic, Africa has seen continued demand from its more traditional sectors. The mining and minerals sector has always been a strong demand driving sector in Africa, the bountiful mining opportunities keep foreign mining companies coming back and while this has slowed somewhat under the pandemic it is still a major factor in the demand for temporary accommodation.

Another more traditional sector which continues to demand space is that of infrastructure development. Growing economies across the continent require infrastructure development and use external assistance to satisfy that.

New supply

African hotels will have more capacity than they did pre-Covid. Close to 70% of the 219 hotel projects in the sub-Saharan region are on schedule for completion, with only 18% held back temporarily. Additionally, as of July 2020, there were 21 new projects for nearly 3,000 new hotel rooms in 15 African countries.[59]

In terms of temporary housing supply we have noticed several adaptations following the pandemic. The tourism sector was heavily affected in Africa as with most countries, suppliers involved in those sectors have had to look to new or emerging markets to support them during this time.

52. www.esi-africa.com 53. https://energycapitalpower.com/chariot-signs-mou-with-mauritanian-government-to-produce-and-export-green-hydrogen/ 54. https://www.nytimes.com/2021/11/03/world/africa/south-africa-coal-renewables.html 55. https://www.reuters.com/technology/google-invest-1-billion-africa-over-five-years-2021-10-06/ 56. https://techcentral.co.za/facebook-eyes-next-billion-with-2africa-cable-fibre-robots/203233/ 57. https://businesstech.co.za/news/energy/534702/amazon-has-built-a-new-solar-plant-in-south-africa/ 58. https://www.standard.co.uk/news/uk/jeff-bezos-africa-boris-johnson-amazon-earth-b963876.html 59. https://www.borgenmagazine.com/africas-hotel-industry/

We have seen an increase in international hotel groups offering self-catering and aparthotel rooms. Business travellers are looking for longer stays but still want the services of the hotel and hotel chains are looking to supply suitable accommodation.

During the pandemic, travel bans were announced at short notice, with Covid forcing some guests into extending or abandoning their stays. This forced suppliers to be more understanding in terms of cancellation policies.

Individual owners who rely on these stays for their livelihood have been driven away from the temporary accommodation sector. We are seeing a rising trend in professional operator groups who pool privately owned apartments and offer a service of managing the property and securing clients.

Extended stay

Africa has the smallest serviced apartment inventory. At the end of 2021 there were 21,038 apartment units in 367 locations, an increase of 11.1% and 11.5% respectively. However, that growth rate is exceeded only by Asia.[60]

There are several significant new extended stay openings in Africa. The 62 room Hyatt House Johannesburg Sandton is the brand's long-awaited debut in Africa. The Ascott Limited has beefed up its presence in Africa after signing two properties in Morocco. Citadines Racine Casablanca and Citadines Connect Belvedere Casablanca will add 183 rooms to Ascott's existing Middle East, Africa, and Turkey (MEAT) portfolio.[61]

Radisson Hotel Group has announced the signing of Earl Heights Suites Hotel in Accra, Ghana, the first Radisson Individuals property in Africa. Located five kilometres from Kotoka International Airport (KIA), the 58-key property will comprise studios, one- and two-bedroom suites, and will offer a restaurant, bar, spa, gym, pool, convenience store and business centre.

Erwan Garnier is the senior director, Development Africa for Radisson Hotel Group. *"Our target in Africa is to have 150 hotels by 2025 and today we have 100 hotels open and under development. Additionally, we created new growth opportunities with serviced apartments, which was a booming business during Covid, and we can see the traction right now."*

"20% of the projects I am working on are either serviced apartments or hotels for long stay corporate guests. By providing security, hygiene, and hotel services, we can combine the best of serviced apartments and hotels. We can provide the best of both worlds and we are seeing a lot of interest in this across Africa."

Positive signs

In conclusion, while these trying times may have caused hardship to the global serviced apartment economy, it has forced the emergence of new markets and perhaps reassessment of how the sector could be improved.

Serviced apartment operators in Africa have struggled with the implications of the pandemic, on top of the extra costs incurred to ensure guests' health and safety. Demand is constantly fluctuating based on the ongoing global situation but there are still some positive trends.

The African property market is developing at a fast pace with more properties aiming to meet the needs of the international temporary accommodation traveller but finding vetted properties on the internet is not easy. MyResidence.Africa gives our clients the comfort of knowing that we have independently vetted every property we offer and that compliance with our standards is a considered business practise.

MyResidence.Africa

MyResidence.Africa

60. GSAIR Survey 2022
61. https://www.hospitality-interiors.net/news/articles/2021/09/1724338167-ascott-bolsters-african-footprint-two-citadines-signings
62. https://businessday.ng/arts-and-life/article/beyond-being-the-fastest-growing-hotel-brand-in-africa-we-aim-to-be-the-global-market-leader/

Fig.49 Rates comparison – Africa 2019/20 vs. 2021/22

RATES IN KEY CITIES															
These rates are average rates and may vary per location, time of year, regional promotions and specific lengths of stay. Rates quoted are based on an average 4 star extended stay property and exclude taxes. Exchange rates used March 2022.	STUDIO					ONE BEDROOM					TWO BEDROOM				
	2019/20 rate	2021/22 rate			YoY variance	2019/20 rate	2021/22 rate			YoY variance	2019/20 rate	2021/22 rate			YoY variance
	Local currency	Local currency	US$	Euro	%	Local currency	Local currency	US$	Euro	%	Local currency	Local currency	US$	Euro	%
AFRICA															
Cape Town (ZAR)															
1-6 nights (nightly rate)	ZAR 1,045	ZAR 1,165	USD 76	EUR 68	11%	ZAR 1,125	ZAR 1,245	USD 81	EUR 72	11%	ZAR 1,680	ZAR 1,700	USD 111	EUR 99	1%
7 nights + (weekly rate)	ZAR 6,500	ZAR 6,900	USD 452	EUR 402	6%	ZAR 6,700	ZAR 7,200	USD 471	EUR 419	7%	ZAR 10,100	ZAR 10,300	USD 674	EUR 600	2%
One month + (monthly rate)	ZAR 13,600	ZAR 14,000	USD 916	EUR 815	3%	ZAR 14,000	ZAR 14,300	USD 936	EUR 833	2%	ZAR 18,200	ZAR 18,500	USD 1,210	EUR 1,077	2%
3 month + (monthly rate)	ZAR 12,600	ZAR 13,100	USD 857	EUR 763	4%	ZAR 13,600	ZAR 13,800	USD 903	EUR 804	1%	ZAR 16,800	ZAR 17,000	USD 1,112	EUR 990	1%
Nairobi (KES)															
1-6 nights (nightly rate)	KES 6,600	KES 5,600	USD 49	EUR 43	-15%	KES 9,750	KES 9,500	USD 84	EUR 74	-3%	KES 11,600	KES 11,000	USD 97	EUR 85	-5%
7 nights + (weekly rate)	KES 33,800	KES 34,000	USD 299	EUR 264	1%	KES 61,000	KES 60,000	USD 528	EUR 465	-2%	KES 65,000	KES 64,200	USD 565	EUR 498	-1%
One month + (monthly rate)	KES 120,500	KES 123,000	USD 1,082	EUR 954	2%	KES 181,000	KES 179,000	USD 1,575	EUR 1,389	-1%	KES 209,000	KES 208,000	USD 1,830	EUR 1,614	0%
3 month + (monthly rate)	KES 116,000	KES 117,000	USD 1,029	EUR 908	1%	KES 170,000	KES 168,500	USD 1,483	EUR 1,307	-1%	KES 198,500	KES 197,900	USD 1,741	EUR 1,535	0%

Regional report - Asia

By Mark Harris

Asia showed resilience in the face of Covid, with GDP growth remaining stable through the pandemic. Whilst the world economy shrank by 3.2%, the International Monetary Fund (IMF) forecast that Asia would grow by 7.5% in 2021 and 6.4% in 2022, compared with 6.0% and 4.9% for the rest of the world.[63]

As of April 2022, developing Asia's economies were forecast to grow 5.2% in 2022 and 5.3% in 2023, thanks to a robust recovery in domestic demand and continued expansion in exports. However, uncertainties stemming from the Russian invasion of Ukraine, the pandemic and tightening by the United States Federal Reserve, so this positive outlook could be at risk.[64]

Hong Kong

Covid hit Hong Kong hard. Serviced apartment operators had to cut rates and offer incentives to boost occupancy. Serviced apartment rents in Hong Kong fell for seven straight quarters, for a total of 14.5% up to the end of 2020. Average rates fell 12.5% in 2020 alone.[65]

Pilar Morais is CEO of CHI Residences says that the impact of the pandemic on the extended stay sector in Hong Kong was *"Devastating. Most operators didn't want to take quarantine stays because they didn't know how it affected their properties. After all, SARS had started in a hotel."*

"We created our own protocols so we were able to accommodate quarantine stays until the government decided that quarantined people could only stay in hotels. Still it wasn't clear, so we had guests asking if they could stay with us? So we would call every governing body for three days non-stop. None could tell us if we could take these guests."

"Eventually government decided that serviced apartments couldn't take quarantine stays anymore, which killed all our business. Up to that point, we were still at 70% occupancy, compared to 85 - 90% pre-pandemic. After the rules were changed, occupancy fell to 30%. We still don't know why the government discriminated against serviced apartments in this way."

"Despite putting the case to government that serviced apartments make more sense because it's much closer to being at home, most of it was ignored. Of course, it's pure speculation that the Hong Kong hotels association is bigger and more influential than our non-existent serviced apartment association."

"In Hong Kong, hotels pay more tax on a stay than serviced apartment operators, and even though a lot of hotels had to be coerced to be registered as a quarantine hotel, they did so because there were sweeteners from the government to support the scheme. As an SME we did not qualify for any of the stimulus packages available to corporations, so we had to be creative."

"For me, the most difficult part was keeping our staff members happy. Everyone had to realise that the business had to survive if they wanted to keep their jobs. We didn't do furloughs like a lot of industry colleagues around the world, but we staggered them. We made them finish outstanding leave that they had. Some were happy to because they felt safer being at home and not having to be on the frontline."

"Our target market is different. We see a lot of expats, pilots, and westerners who are leaving Hong Kong. They end up trying to finish their leases and then stay in a serviced apartment until they leave. We've captured a lot of that. There's also been a big focus on people renovating their homes."

The prognosis for post-pandemic recovery is good. Hong Kong will see property investment grow by a fifth in 2022, with hotels and serviced apartments set to become investors' main acquisition target. There will be 200 major transactions in 2022, valued at around HK$100 billion (US$12.81 billion), the highest since 2018.[66] Although she agrees the HK property market is booming, Pilar doesn't believe that Hong Kong and China will fully re-open until October 2022 at

63. https://www.mckinsey.com/featured-insights/asia-pacific/five-windows-of-opportunity-for-postpandemic-asia
64. https://www.adb.org/news/videos/developing-asia-s-economic-outlook-asian-development-outlook-ado-2022
65. https://servicedapartmentnews.com/news/industry-news/hong-kong-serviced-apartment-sector-sees-rates-plummet/
66. https://www.scmp.com/business/article/3159705/hong-kong-property-investment-grow-20-cent-next-year-led-hotels-serviced

the earliest, when the presidential election takes place. *"Hopefully, things will then return to normal and corporate business, which normally equates to 60% of our business, will come back."*

There have been other, non-Covid related changes to CHI's customer demographics. *"In the current political situation we are seeing some corporations moving part of their operations to Singapore. They won't leave Hong Kong entirely because it's their entry point into China.*

Morais says the extended stay sector in the region has lessons to learn from the pandemic. *"As an industry, we became complacent. Our occupancy rates were the highest in the world. I budgeted my occupancy at 85 to 90% for ten years. The lesson is we must keep our fingers on the pulse of what is happening."*

"Despite the restrictions we are seeing a lot of investor interest. The focus is still on Singapore, whereas in Hong Kong, you're getting more independent investors or older families investing in extended stay. Larger and international funds that previously didn't invest in residential real estate are now interested in extended stay because it offers more stable returns."

China

China's travel and tourism sector is predicted to contribute CNY 11 trillion to China's GDP in 2022, just 5.2% below pre-pandemic levels, when travel and tourism accounted for 11.6% of the country's economy. This is even more remarkable given that, in 2020 the Chinese economy shrank by 59.9%.[67]

More than 87% of China has been fully vaccinated by February 2022, with 14 million of the 16 million hospitality jobs lost during the pandemic already filled, although global stocks fell in April 2022 amid fears of new Covid lockdowns in China.[68]

During the pandemic, hotel performance ran 40 - 50% below pre-pandemic levels, but by February 2022 STR was reporting that mainland China's hotel industry had surpassed its 2019 comparable in Lunar New Year average daily rate despite substantially lower occupancy.

The country's ADR reached CNY766.95 during the 2022 new year holiday[69], which was 9.6% higher than the same festival period in 2019 (CNY699.47).[70]

A sense of optimism in the country's hotel sector is evidenced by Marriott's plans, announced in March 2022, to open 50 new hotels in over 30 destinations across China in 2022. China's hotel construction pipeline totals over 700,000 rooms across 3,693 properties. By comparison, the U.S. was at nearly 582,000 rooms across 4,814 projects.[71]

Property investment rose 3.7% year-on-year in the first two months of 2022, reversing a 13.9% slump in December[72] but many believe less than 5% in property investment signals waning willingness in development and investment.[73]

Although detailed information about the extended stay sector across China is sparse, Shanghai's serviced apartment market faces challenges.

"As borders reopened, the city experienced a notable decrease in vacancy rate as tenants stranded overseas returned to their leases or signed new contracts," explains Chester Zhang, director of Savills China research. *"This didn't last, however, as border controls tightened significantly in mid-November."* [74]

Japan

During the pandemic, the Japanese government strictly controlled foreign admissions, so the number of foreign arrivals fell from 33 million in 2019 to 4.5 million in 2020 to 3 million in 2021. *"The serviced apartment market in Japan, which relies mainly on those coming for business and long-term residents from overseas, was heavily impacted by the immigration restrictions,"* says Scott Sullivan of Enplus Inc Global Relocation Services.

"Serviced apartment providers had no choice but to offer large discounts and launch promotions to stimulate domestic demand, Tokyo, with an estimated 4,500 apartments (the largest supply in Japan), was under a state of emergency for most of 2021."

"To reduce the number of commuters using public transportation, the central and local governments encouraged home working, aiming for a 70% reduction of employees at the office. Non-essential and non-urgent inter-prefectural travel were also discouraged, resulting in significantly low occupancy rates for both hotels and serviced apartments throughout Japan. This has led some owners and/or developers to withdraw from their respective markets."

"With over 31 million visitors coming to Japan in 2019 and nearly zero in 2020/21, the tourism industry was one of those hit the hardest. The government's Go To Travel initiative encouraged domestic travel in 2020 but was not enough to increase the occupancy of hotels reliant on foreign travellers."

"Prestigious hotels, such as the Imperial Hotel, created a buzz when announcing a new monthly rate, starting a new trend for luxury and business hotels seeking to stabilise their revenue base by offering monthly hotels."

67. World Travel & Tourism Council (WTTC) 68. https://www.theguardian.com/business/2022/apr/25/global-stocks-fall-amid-fears-of-new-Covid-lockdowns-in-china 69. 31st January – 6th February 70. https://www.hotel-online.com/press_releases/release/str-china-hotel-rates-higher-than-2019-level-during-lunar-new-year/ 71. https://skift.com/2022/02/14/u-s-and-china-developments-will-dominate-hotel-earnings-season/ 72. China National Bureau of Statistics (NBS) 73.https://www.globaltimes.cn/page/202203/1254951.shtml 74. Ibid

"Due to the Hotel Business Act, serviced apartments are seen as housing, restricting contracts to be over one month, preventing those without hotel licenses to provide solutions for 14-day quarantines. Currently, the Japan Tourism Agency is promoting "workcation," but it has yet to improve the domestic accommodation environment."

"The serviced apartment industry in Tokyo was helped by the Tokyo 2020 Summer Olympic & Paralympic Games, held from July to September 2021. Although the Summer Games were held mostly without spectators, serviced apartments and hotels' occupancy in the city centre increased due to event organisers, media, and sponsors coming to Japan. However, the government's border security measures before and after the Olympics remained strict."

Cambodia

As Cambodia recovers from the pandemic, international businesses' interest in growing their presence in the capital has been reignited. An estimated 60% of international travellers visited Phnom Penh for business in 2019, with demand for long-stays driven by single expatriates and families.

The country's Finance Ministry projected in January 2022 that the Cambodian economy would grow by about 5.6% because of new trade deals, increased public spending, and a gradual recovery in investor confidence.[75] Meanwhile, the 2022 Management Report of the Law on Finance in Cambodia highlighted a 4.1% continued growth in the services industry as the hotel, restaurant and tourism sectors push on with recovery plans.

Cambodia is an attractive location, having one of the highest vaccination and booster rates globally and few border restrictions. A new airport, currently under construction in Phnom Penh, will open in 2025 to support visitor arrivals.

The new airport will be capable of handling 13 million passengers a year in the first phase, 30 million passengers in the second phase that is to be ready by 2030, and up to 50 million passengers by 2050.

New supply

As major brands dominate the hotel pipeline, it is the international players who lead expansion of the region's serviced apartment portfolio which stood at 189,160 units in 1,360 locations at the end of 2021. This shows increases of 1.6% and 11.1% respectively over 2020.[76]

In China, Oakwood has signed a strategic partnership agreement with China Green Development Group, one of China's biggest state-owned enterprises for the management of projects in China. The aim is to open 100 Oakwood Beluxs properties in China by 2030, beginning with Dalian, Yantai, and Qingdao. The Ascott added to its inventory in China, Indonesia, Australia, Vietnam, and Thailand during 2021, with serviced apartments accounting for more than 60% of new Ascott supply. These include Ascott's first Adoor-branded rental housing property, Adoor Apartment Heda Hangzhou (Xiasha) and its first lyf coliving property in China, lyf Mid-Town Hangzhou.[77]

Hilton has debuted its extended-stay Home 2 Suites brand, with a property in the Chinese city of Shenzhen. Home 2 Suites by Hilton Shenzhen Bao'an is close to major transport hubs.

Hilton has partnered with Funyard, a subsidiary of Country Garden, to develop over 1,000 properties in China over the next 30 years, which includes a pipeline of over 60 Home 2 Suites properties in major business districts and transport hubs of China's first tier cities, provincial capitals, and emerging markets.[78]

Oakwood has been highly active in the region, Oakwood Apartments Azabu Tokyo was the first of 20 new openings scheduled for 2022, along with strategic partnerships to advance the fast-growing brand's frontiers into China's tropical southern resort island of Hainan as well as Dhaka, Bangladesh. The property's opening follows the opening of Oakwood Hotel Oike Kyoto in October 2021.[79]

Vietnam in particular saw a record signing of some 3,000 units, including a partnership with Sun Group for Ascott to manage the country's largest serviced residence integrated development within the Tay Ho View Complex in Hanoi. It is expected to offer 1,905 units across three brands.

In 2022, Frasers Hospitality will open its first property in the heart of Phnom Penh. By 2026, Frasers Hospitality will have three properties in key commercial districts. The 88-room Capri by Fraser, Phnom Penh, Cambodia opens late 2022; the 78-room Capri by Fraser, City Centre Phnom Penh will follow two years later and the 200-room Fraser Residence Sen Sok, Phnom Penh will be completed in 2026.

Accor has signed a management agreement for 8 on Claymore Serviced Residences in Singapore. The property will undergo a refurbishment of all rooms and public areas by mid-2022 and joins Accor's network of 28 properties in Singapore including the Raffles, Fairmont, Sofitel, Swissôtel, Novotel, Mercure and ibis brands.[80]

75. Focus Economics 76. GSAIR Survey 2022 77. https://www.travelweekly-asia.com/Travel-News/Serviced-Apartments/Ascott-hands-in-stellar-long-stay-lodging-figures-for-2021 78. https://www.businesstraveller.com/business-travel/2021/12/18/hilton-debuts-home-2-suites-brand-in-china/ 79. https://www.hospitalitynet.org/news/4108566.html 80. https://www.travelweekly-asia.com/Travel-News/Serviced-Apartments/Accor-signs-first-serviced-apartment-property-in-Singapore

Fig.50 Rates comparison – Asia 2019/20 vs. 2021/22

RATES IN KEY CITIES															
These rates are average rates and may vary per location, time of year, regional promotions and specific lengths of stay. Rates quoted are based on an average 4 star extended stay property and exclude taxes. Exchange rates used March 2022.	STUDIO					ONE BEDROOM					TWO BEDROOM				
	2019/20 rate	2021/22 rate			YoY variance	2019/20 rate	2021/22 rate			YoY variance	2019/20 rate	2021/22 rate			YoY variance
	Local currency	Local currency	US$	Euro		Local currency	Local currency	US$	Euro		Local currency	Local currency	US$	Euro	%
ASIA															
Bangalore (INR)															
1-6 nights (nightly rate)	INR 3,800	INR 4,600	USD 66	EUR 58	21%	INR 4,500	INR 5,000	USD 66	EUR 58	11%	INR 6,400	INR 7,000	USD 93	EUR 82	9%
7 nights + (weekly rate)	INR 23,500	INR 24,500	USD 325	EUR 287	4%	INR 24,000	INR 24,700	USD 328	EUR 289	3%	INR 39,000	INR 39,500	USD 524	EUR 462	1%
One month + (monthly rate)	INR 60,000	INR 62,000	USD 823	EUR 725	3%	INR 75,000	INR 76,200	USD 1,012	EUR 891	2%	INR 86,900	INR 87,500	USD 1,162	EUR 1,024	1%
3 month + (monthly rate)	INR 55,000	INR 57,500	USD 763	EUR 673	5%	INR 67,500	INR 68,200	USD 905	EUR 798	1%	INR 84,000	INR 84,700	USD 1,124	EUR 991	1%
Mumbai (INR)															
1-6 nights (nightly rate)	INR 9,100	INR 7,500	USD 80	EUR 70	-18%	INR 11,000	INR 8,800	USD 118	EUR 103	-20%	INR 19,000	INR 13,000	USD 173	EUR 152	-32%
7 nights + (weekly rate)	INR 54,900	INR 45,000	USD 544	EUR 480	-18%	INR 77,000	INR 57,200	USD 759	EUR 669	-26%	INR 118,100	INR 95,000	USD 1,261	EUR 1,111	-20%
One month + (monthly rate)	INR 100,900	INR 77,000	USD 956	EUR 842	-24%	INR 111,000	INR 62,950	USD 836	EUR 737	-43%	INR 125,400	INR 103,500	USD 1,374	EUR 1,211	-17%
3 month + (monthly rate)	INR 95,450	INR 68,000	USD 903	EUR 796	-29%	INR 107,000	INR 62,000	USD 1,002	EUR 725	-42%	INR 116,800	INR 100,250	USD 1,331	EUR 1,173	-14%
Hong Kong (HKD)															
1-6 nights (nightly rate)	HKD 1,645	HKD 1,200	USD 154	EUR 136	-27%	HKD 1,690	HKD 1,628	USD 209	EUR 184	-4%	HKD 1,820	HKD 2,219	USD 284	EUR 251	22%
7 nights + (weekly rate)	HKD 9,300	HKD 8,200	USD 1,051	EUR 926	-12%	HKD 10,400	HKD 9,300	USD 1,192	EUR 1,050	-11%	HKD 11,750	HKD 12,800	USD 1,640	EUR 1,446	9%
One month + (monthly rate)	HKD 31,000	HKD 29,025	USD 3,720	EUR 3,278	-6%	HKD 38,900	HKD 32,500	USD 4,165	EUR 3,671	-16%	HKD 42,100	HKD 43,000	USD 5,511	EUR 4,856	2%
3 month + (monthly rate)	HKD 28,500	HKD 27,500	USD 3,524	EUR 3,106	-4%	HKD 37,100	HKD 30,000	USD 3,845	EUR 3,388	-19%	HKD 38,200	HKD 40,000	USD 5,126	EUR 4,517	5%
Shanghai (CNY)															
1-6 nights (nightly rate)	CNY 1,750	CNY 1,450	USD 228	EUR 201	-17%	CNY 1,820	CNY 1,750	USD 275	EUR 243	-4%	CNY 3,000	CNY 2,300	USD 362	EUR 319	-23%
7 nights + (weekly rate)	CNY 8,200	CNY 7,800	USD 1,227	EUR 1,083	-5%	CNY 12,500	CNY 10,800	USD 1,698	EUR 1,500	-14%	CNY 16,800	CNY 15,200	USD 2,391	EUR 2,111	-10%
One month + (monthly rate)	CNY 31,400	CNY 29,500	USD 4,639	EUR 4,097	-6%	CNY 39,200	CNY 34,200	USD 5,379	EUR 4,750	-13%	CNY 49,000	CNY 37,250	USD 5,858	EUR 5,174	-24%
3 month + (monthly rate)	CNY 30,000	CNY 27,500	USD 4,325	EUR 3,819	-8%	CNY 37,400	CNY 32,700	USD 5,143	EUR 4,541	-13%	CNY 45,200	CNY 34,750	USD 5,465	EUR 4,827	-23%

Fig.50 Rates comparison – Asia 2019/20 vs. 2021/22

RATES IN KEY CITIES															
These rates are average rates and may vary per location, time of year, regional promotions and specific lengths of stay. Rates quoted are based on an average 4 star extended stay property and exclude taxes. Exchange rates used March 2022.	STUDIO					ONE BEDROOM					TWO BEDROOM				
	2019/20 rate	2021/22 rate			YoY variance	2019/20 rate	2021/22 rate			YoY variance	2019/20 rate	2021/22 rate			YoY variance
	Local currency	Local currency	US$	Euro		Local currency	Local currency	US$	Euro		Local currency	Local currency	US$	Euro	%
ASIA CONT...															
Singapore (SGD)															
1-6 nights (nightly rate)	SGD 360	SGD 285	USD 212	EUR 187	-21%	SGD 425	SGD 300	USD 223	EUR 196	-29%	SGD 575	SGD 375	USD 279	EUR 246	-35%
7 nights + (weekly rate)	SGD 1,900	SGD 1,700	USD 1,264	EUR 1,113	-11%	SGD 2,520	SGD 2,000	USD 1,487	EUR 1,310	-21%	SGD 3,500	SGD 2,900	USD 2,156	EUR 1,899	-17%
One month + (monthly rate)	SGD 7,700	SGD 6,300	USD 4,685	EUR 4,126	-18%	SGD 9,100	SGD 7,700	USD 5,726	EUR 5,024	-15%	SGD 10,000	SGD 7,700	USD 5,726	EUR 5,042	-23%
3 month + (monthly rate)	SGD 6,900	SGD 5,800	USD 4,313	EUR 3,798	-16%	SGD 9,000	SGD 7,200	USD 5,354	EUR 4,715	-20%	SGD 9,500	SGD 6,900	USD 5,131	EUR 4,518	-27%
Tokyo (JPY)															
1-6 nights (nightly rate)	JPY 19,000	JPY 15,000	USD 129	EUR 114	-21%	JPY 24,500	JPY 26,000	USD 224	EUR 198	6%	JPY 29,000	JPY 24,000	USD 207	EUR 183	-17%
7 nights + (weekly rate)	JPY 81,000	JPY 73,000	USD 629	EUR 556	-10%	JPY 101,450	JPY 112,500	USD 969	EUR 857	11%	JPY 125,600	JPY 112,800	USD 972	EUR 859	-10%
One month + (monthly rate)	JPY 212,000	JPY 189,000	USD 1,629	EUR 1,440	-11%	JPY 228,500	JPY 232,500	USD 2,004	EUR 1,771	2%	JPY 261,800	JPY 225,100	USD 1,940	EUR 1,714	-14%
3 month + (monthly rate)	JPY 208,000	JPY 187,000	USD 1,611	EUR 1,424	-10%	JPY 212,000	JPY 230,000	USD 1,982	EUR 1,751	8%	JPY 237,500	JPY 208,000	USD 1,793	EUR 1,584	-12%

Regional report - Australasia

By Mark Harris

Australia's extended stay sector began its post-pandemic recovery on Feb 7th 2022. This was the day Prime Minister Scott Morrison announced fully vaccinated travellers could visit without quarantine from February 21st.

Travel was the first sector to be impacted by government public health Covid responses. Eight territories and six states, each operating effectively as separate countries with different border policies, created uncertainty and political leadership variously described as "capricious" or "opportunistic" at federal and state level. The New Zealand border remained closed.

Impact of pandemic

Uncertainty functioned as a brake on employee assignments, though some travel was allowed under visa exemption rules. Lockdowns in Sydney and Melbourne devastated their hotel markets. Occupancy falling as low as 20% and placing pressure on smaller markets such as Adelaide, Canberra, Darwin, and Hobart dependent on interstate travel demand.[81]

David Mansfield, Chief Operations Officer at Quest Apartment Hotels explains the real effects of the pandemic on his business.

"Quest has around 50 properties in Victoria and another 33 in the next state, New South Wales. Both states had different Covid rules, as did South Australia on the other side of Victoria. You never knew which borders were up or down at any one time or what the restrictions were. Borders would often shut at short notice, creating a major barrier to travel."

"Although our revenues and bookings dropped significantly, of the 130 Quest properties in Australia, 45% are in regional locations. We saw the SME market had no choice but to continue doing business during lockdown, so there was a lot of domestically driven business within the state itself from road warriors."

"State governments actively supported local communities. The construction, mining, logistics and manufacturing sectors stayed open whilst the banking and accounting firms just stopped travelling. Central Business Districts (CBD) rely on that business, whereas serviced apartment operators like Quest were able to generate decent revenues through our regional centres, despite Covid."

"We had families needing urgent assistance because they were repatriated from overseas or relocating. Insurance companies, for example, needed immediate assistance. We answered the phone and could provide a safe place to stay. 70% of our 10,000 apartments in Australia have balconies, and during Covid these were in great demand amongst families dealing with the stress of relocation. We took the anguish out because they knew they had a home away from home."

Recovery

In the week following Morrison's announcement, international flight bookings to the country increased 93%, although leisure travel accounted for most of those bookings, according to data from Travelport. At the time of writing (March 2022), three-quarters of international bookings to Australia remain for leisure.[82]

However, Australian economic recovery is being overshadowed by tensions with China over the Solomon Islands. China intimates that Australia is promoting US-led competition in the region, whilst Australia fears the implications of a Chinese military base in the Solomon Islands for its national security.

This has prompted the creation of the AUKUS alliance, a new three-way strategic defence pact between Australia, the UK, and US.[83] AUKUS is ultimately intended to combat the growing threat of China in the Indo-Pacific region. Civil unrest has broken out in The Solomon Islands, prompting an Australian police and military presence to be established there.

Flashpoints like this, together with Chinese border incursions in Indonesia and The Philippines, not to mention a possible invasion of Taiwan - overshadowed by Russia's invasion of Ukraine - are likely to continue, collectively heightening uncertainty in the region, especially amongst extended stay operators.

81. https://www2.deloitte.com/au/en/pages/consumer-industrial-products/articles/tourism-hotel-outlook.html
82. https://www.businesstravelnews.com/Global/Travelport-Australia-Travel-Demand-Surged-After-Reopening-Announcement
83. https://www.theguardian.com/politics/2021/sep/16/what-is-the-aukus-alliance-and-what-are-its-implications

Quest, City Walk, Canberra

Extended stay outlook

There are now 81,513 serviced apartment units in 1,302 locations across Australia and New Zealand, an increase of 10.1% and 10.7% respectively.[84]

The Veriu Group has a portfolio encompassing 1,700 rooms and apartments operating or in development across over 25 sites under the combined Veriu Hotels & Suites and Punthill Apartment Hotels brands.

CEO Zed Sanjana is in no doubt that the region's serviced apartment sector will recover quicker than expected as pent-up demand for travel creates an exponential increase in the flow of inbound and outbound travellers.

"The future is ripe with opportunity for those businesses and operators who are willing to adapt and adopt a longer-term approach. It's increasingly evident that operators are facing an ultimatum – either grow and benefit from scale or be swallowed up by the market or larger operators."

"Certainly, at Veriu we've refused to let the pandemic hinder our commitment to keep growing our portfolio of hotels. The timeline may have shifted, but our ambitions and our determination to get there certainly haven't."

"For us, the growth opportunities lie in the integration of our hotels within mixed-use developments, and developers certainly have an appetite for it, with over 80% of the deals we're involved with right now incorporating a mix of retail, residential, BTR, office in co-existence with our accommodation offerings. In fact, mixed-use developments are already emerging as a clear cornerstone of our growth and development as a Group going forward."

"We see them as integral to securing our position as one of the biggest players in the Australian market, and we're confident that developers that we partner with will continue to enjoy the benefits driven by secured income and strong asset values."

David Mansfield says Quest will be staying true to its original business model. *"After 30 years in a market, sometimes you can lose your focus. In the past, Quest went into locations with a studio apartment offer; no balcony and smaller living areas but none of the USPs of extended stay."*

"During the pandemic we decided to de-brand 10 properties that were not purpose-fit for extended stay. Whether the customer is corporate of leisure we must provide larger kitchenettes and laundry facilities in an apartment operated by a brand and run by a property manager."

However, Mansfield says some things must change at a regulatory level. *"As a country, we must address the non-regulated accommodation sector, by which I mean the likes of Airbnb.*

"It's not fair that hotels and serviced apartment businesses pay taxes to comply with regulatory requirements, whereas Airbnb and others in that space are not subject to that same regulatory regime. There has been some change in New South Wales, Victoria, and South Australia, but as a country, we need to achieve a level playing field."

Suburbia vs. city centre

"Since the start of the pandemic, as a society we've transitioned from a global to national focus to a state-based focus and now, increasingly, to a focus on local government areas" says Zed.

"While we anticipate that CBD office occupancy rates will increase, they're unlikely to reach pre-Covid levels any time soon. Instead, we're seeing increasing decentralisation of activity out of our CBDs and into mixed-use developments located in suburban and regional hubs."

"This marks the strengthening of a trend which was already beginning to emerge as the attraction and appeal of satellite CBDs like Sydney's Parramatta, and more affordable regional cities like Newcastle and Geelong, continue to grow."

"Typically, these hubs comprise mixed-use development, combining office and co-working spaces, with food and beverage, residential, and retail offerings. We believe that short or long-term accommodation is going to play an integral role in

84. GSAIR Survey 2022

servicing these commercial and office hubs and will also assist developers in attracting decent quality tenants, customers, and residential renters or buyers who see the benefits of a locally self-contained centre from an end-to-end amenity perspective."

"In terms of risk management, multi-use developments using serviced apartment accommodation as an anchor tenant in suburban locations where there is a lack of competing amenity is also proving more attractive to developers and investors than CBD locations where alternative amenity is already available and becoming increasingly cost prohibitive."

Veriu, Quest Apartments & Hotels' priority is not being in CBD but in urban centres and regional locations. *"This was always our priority before the pandemic"* says David Mansfield. *"All the pandemic has done is turbocharge that direction off the back of a proven history of viable businesses."*

"Our franchisees are part of their local communities which may only be 10,000 people. They play such a pivotal role because they own their business. They have skin in the game. One franchisee lived on the other side of the border to her property, so she had to navigate the arduous permit process to cross the New South Wales/Victoria border to get to her small business. She had to do this every day whilst managing the stresses of health orders or general regulatory requirements."

W Hotel, Melbourne

New supply

New arrivals in 2021

Development company The Switch opened its first project in Australia, a $70 million co-living concept in a 39-storey skyscraper in Perth's CBD. It's the first in a series of The Switch locations due across Australia, with Adelaide and Sydney later this year and Melbourne in 2023.

The Switch estimates it will house more than 3,400 renters across Perth, Adelaide, Sydney, and Melbourne, with numbers growing to 12,000 across Australia and New Zealand by 2030. [85]

Mondrian Residences Gold Coast, the first Mondrian Residences outside of North America, has broken sales records after developers Vitale Property Group sold more than AUD$231 million worth of apartments in six months.[86]

Despite the pandemic, around 3,700 new rooms were added in 2021. In Melbourne, new brands included the W Hotel, which opened in early 2021 and the Hyatt Centric, which came online in December. The Marriott's The Tasman opened in Hobart, and Sofitel made its debut in Adelaide.[87]

A further 15,000 new rooms are scheduled to open in coming years, with around 5,000 of these expected to open in 2022. 60% of the new stock is concentrated in Melbourne, the Gold Coast and Sydney.[88]

The pace of recovery for hotels will vary across the city markets. Brisbane, Perth, Gold Coast, Canberra, and Darwin are expected to see occupancy rates return to 2019 levels by 2023, while Sydney and Melbourne will take a longer to recover due to their high pre-pandemic occupancy rates. But what about serviced apartments?

"Quest will continue to grow over the next 10 years" says David. *"We've got over AUS$1 billion dollars of new properties signed and another 35 properties where we have entered into a formal agreement with developers who see the viability of our model and see how we performed over the last two years particularly."*

85. https://servicedapartmentnews.com/news/the-switch-launches-australias-first-coliving-skyscraper/
86. https://servicedapartmentnews.com/news/industry-news/mondrian-residences-australian-debut-breaks-sales-records/.
87. https://www2.deloitte.com/au/en/pages/consumer-industrial-products/articles/tourism-hotel-outlook.html
88. Ibid

"There is a lot of new growth in the regional centres of Western Australia. In the past, growth was focussed mainly around coastal areas. We are also seeing significant growth opportunities on the Eastern side of Australia, particularly in Brisbane and Queensland."

"There's a significant amount of infrastructure going into Western Sydney with the western corridor and the new Badgerys Creek International Airport. South Australia has been a bit of a sleeping giant, but we see strong interest with Adelaide because we like what the state government is doing."

Recovery imminent

Convido Corporate Housing operates in Australia, New Zealand, and The Philippines, with intent to expand across the Asia/Pacific region. The company is focused entirely on corporate housing and a minimum stay of 28 days.

"Our clients are telling us that they have a backlog of international moves pending, while Australia also has severe skill shortages. When we can travel freely, we expect a surge, followed by a levelling off, potentially to a lower level than pre-pandemic" says Convido chairman Chris Miller.

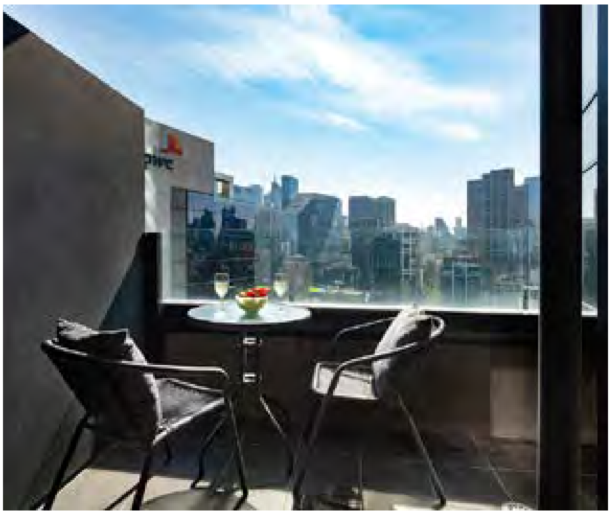
"Business travel will of course return, but as the efficiency of video conferencing has become apparent (together with its shortcomings), some shorter business trips may be substituted with conference calls. It is possible that extended stay travel will grow, particularly in the short-term, to address skill shortages."

"Prompted by supply-chain issues during the pandemic and Chinese politics, many multinationals will be re-evaluating their dependence on China for low-cost manufacturing. This will stimulate interest in establishing manufacturing capability in other countries in the region, with travel and accommodation implications."

"Convido will continue focus on its specific market segment and grow its presence regionally. Global skills shortages mean that employee retention will become an even greater priority for our clients. The pressure is therefore on us to ensure that we deliver a fantastic product and service. "

Convido, Perth

Convido, Manilla



Convido, Melbourne

Fig.51 Rates comparison – Australasia 2019/20 vs. 2021/22

RATES IN KEY CITIES															
These rates are average rates and may vary per location, time of year, regional promotions and specific lengths of stay. Rates quoted are based on an average 4 star extended stay property and exclude taxes. Exchange rates used March 2022.	STUDIO					ONE BEDROOM					TWO BEDROOM				
	2019/20 rate	2021/22 rate			YoY variance	2019/20 rate	2021/22 rate			YoY variance	2019/20 rate	2021/22 rate			YoY variance
	Local currency	Local currency	US$	Euro	%	Local currency	Local currency	US$	Euro	%	Local currency	Local currency	US$	Euro	
AUSTRALASIA															
Auckland (NZD)															
1-6 nights (nightly rate)	NZD 175	NZD 162	USD 108	EUR 94	-7%	NZD 215	NZD 190	USD 126	EUR 111	-12%	NZD 255	NZD 230	USD 153	EUR 134	-10%
7 nights + (weekly rate)	NZD 1,080	NZD 1,000	USD 665	EUR 583	-7%	NZD 1,400	NZD 1,340	USD 892	EUR 782	-4%	NZD 1,525	NZD 1,475	USD 981	EUR 861	-3%
One month + (monthly rate)	NZD 3,150	NZD 3,000	USD 1,996	EUR 1,750	-5%	NZD 4,100	NZD 3,575	USD 2,379	EUR 2,086	-13%	NZD 5,200	NZD 5,000	USD 3,327	EUR 2,918	-4%
3 month + (monthly rate)	NZD 2,950	NZD 2,825	USD 1,880	EUR 1,648	-4%	NZD 3,850	NZD 3,300	USD 2,196	EUR 1,926	-14%	NZD 5,100	NZD 4,950	USD 3,293	EUR 2,888	-3%
Canberra (AUD)															
1-6 nights (nightly rate)	AUD 190	AUD 165	USD 118	EUR 104	-13%	AUD 225	AUD 190	USD 136	EUR 120	-16%	AUD 310	AUD 280	USD 200	EUR 177	-10%
7 nights + (weekly rate)	AUD 1,100	AUD 980	USD 699	EUR 617	-11%	AUD 1,420	AUD 1,100	USD 785	EUR 692	-23%	AUD 1,480	AUD 1,430	USD 1,020	EUR 899	-3%
One month + (monthly rate)	AUD 3,400	AUD 3,000	USD 2,140	EUR 1,887	-12%	AUD 3,750	AUD 3,400	USD 2,425	EUR 2,139	-9%	AUD 3,950	AUD 3,600	USD 2,568	EUR 2,264	-9%
3 month + (monthly rate)	AUD 2,975	AUD 2,750	USD 1,961	EUR 1,730	-8%	AUD 3,100	AUD 2,975	USD 2,122	EUR 1,871	-4%	AUD 3,490	AUD 3,150	USD 2,247	EUR 1,981	-10%
Melbourne (AUD)															
1-6 nights (nightly rate)	AUD 250	AUD 200	USD 143	EUR 126	-20%	AUD 295	AUD 250	USD 178	EUR 157	-15%	AUD 390	AUD 320	USD 228	EUR 201	-18%
7 nights + (weekly rate)	AUD 1,400	AUD 1,310	USD 935	EUR 824	-6%	AUD 1,725	AUD 1,400	USD 999	EUR 881	-19%	AUD 2,525	AUD 2,250	USD 1,605	EUR 1,415	-11%
One month + (monthly rate)	AUD 4,250	AUD 4,000	USD 2,854	EUR 2,516	-6%	AUD 4,750	AUD 4,250	USD 3,032	EUR 2,673	-11%	AUD 4,600	AUD 4,250	USD 3,032	EUR 2,673	-8%
3 month + (monthly rate)	AUD 4,000	AUD 3,850	USD 2,747	EUR 2,422	-4%	AUD 4,500	AUD 4,000	USD 2,853	EUR 2,516	-11%	AUD 4,400	AUD 4,000	USD 2,853	EUR 2,516	-9%
Sydney (AUD)															
1-6 nights (nightly rate)	AUD 210	AUD 210	USD 150	EUR 132	0%	AUD 235	AUD 200	USD 143	EUR 126	-15%	AUD 310	AUD 325	USD 232	EUR 204	5%
7 nights + (weekly rate)	AUD 1,190	AUD 1,190	USD 849	EUR 749	0%	AUD 1,225	AUD 1,175	USD 838	EUR 739	-4%	AUD 1,375	AUD 1,400	USD 998	EUR 881	2%
One month + (monthly rate)	AUD 3,450	AUD 3,450	USD 2,461	EUR 2,170	0%	AUD 3,775	AUD 3,450	USD 2,460	EUR 2,170	-9%	AUD 3,750	AUD 3,800	USD 2,710	EUR 2,390	1%
3 month + (monthly rate)	AUD 3,300	AUD 3,300	USD 2,354	EUR 2,076	0%	AUD 3,410	AUD 3,300	USD 2,353	EUR 2,076	-3%	AUD 3,600	AUD 3,675	USD 2,621	EUR 2,311	2%


RELAX | REFRESH | RECHARGE
LIVE THE
LONDON
EXPERIENCE

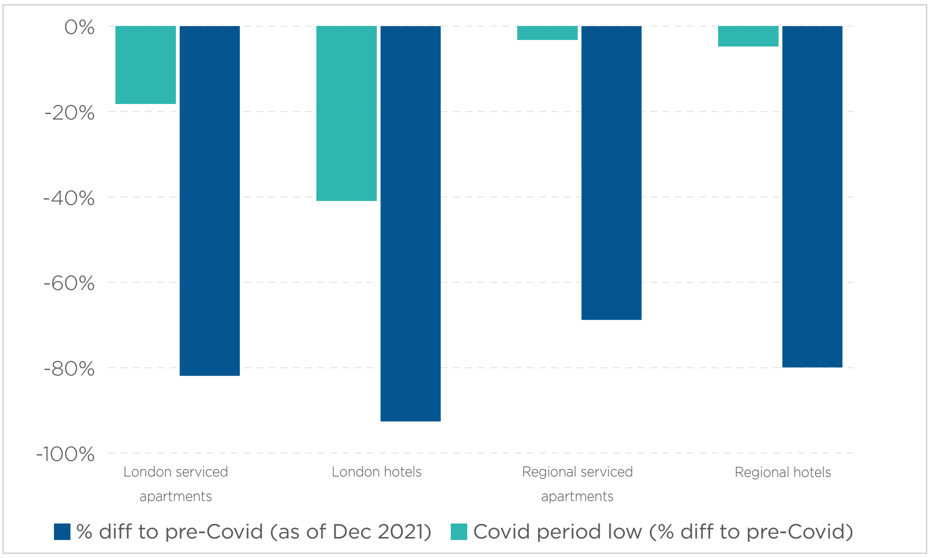
Regional report - Europe

By Mark Harris

Like most other regions, Europe's serviced apartment industry fared better than its hotel counterpart despite demand from business travel effectively disappearing.

A combination of longer, assignment-based stays, a safer, more self-contained environment ideally suited to remote working and the inherent flexibility of the model meant that serviced apartments lost less ground than hotels, and their recovery is happening much faster.

Fig.52 Serviced apartment operational performance vs. hotels



Source: Savills research; ASAP;STR

London & the UK

As Fig.52 shows, as of December 2021, London serviced apartment RevPAR (revenue per available room) was 18% below that seen the same month in 2019, compared to 45% for London hotels. Strong domestic demand saw regional UK market outperform London, for both serviced apartments and hotels.[89]

By the end of December 2021, Europe boasted 236,000 serviced apartment units in 4,619 locations, an increase of 11.5% and 11.3% respectively over two years earlier. Europe remains the second largest region for serviced apartments, accounting for 18% of global supply.[90]

As Fig.53 shows, the future development pipeline is concentrated across emerging destination and regional cities.

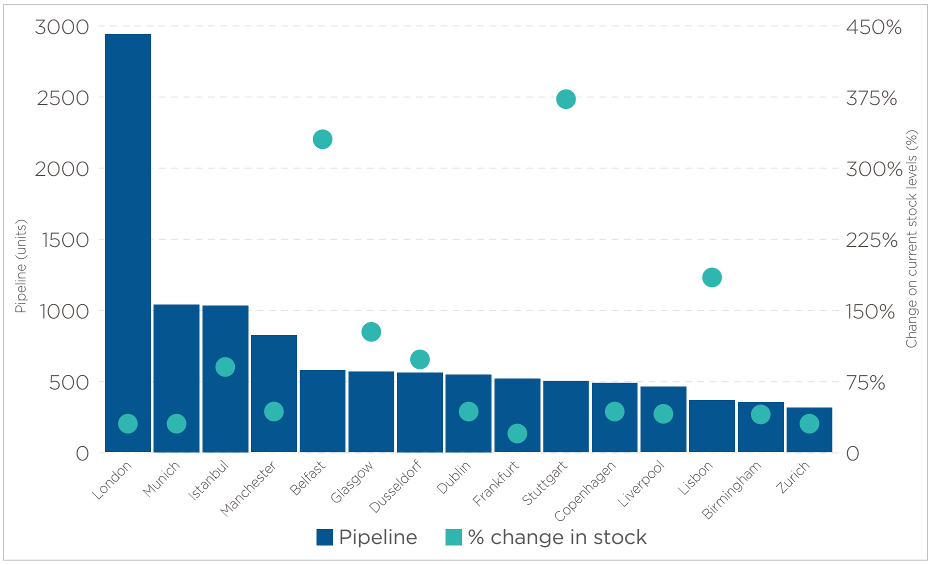
31,566 new serviced apartment units have been added since the end of 2019, with the UK and Germany leading the way, followed by Ireland and Austria.

The current pipeline, which includes some projects delayed during the pandemic, will see supply rise by 21% over the next three years. London remains the biggest growth market by number of units with just under 3,000 new units coming online, followed by Munich, Istanbul, and Manchester.

In terms of percentage growth, Stuttgart and Belfast will have 372% and 337% more units, albeit from a lower base. This reflects a combination of rising developer and investor awareness of the sector and its operators, as well as appetite to expand into relatively underserved markets.[91]

89. https://www.savills.co.uk/research_articles/229130/325759-0
90. GSAIR survey 2022
91. https://www.savills.co.uk/research_articles/229130/325759-0

Fig.53 Top 15 European cities by growth



Source: Savills research; ASAP;STR

New supply

Significant additions to serviced apartment supply during the pandemic, and slated to open in 2022 include:

- **Amsterdam** – Cycas Hospitality opened the 227-key Radisson Hotel & Suites, Amsterdam South.
- **Cambridge** – The Regent Hotel being relaunched as an aparthotel with co-living space in 2022.
- **Edinburgh** – Cheval Old Town Chambers – 24 new apartments added.
- **London** – Cycas Hospitality opened the 54-unit Lincoln Suites in Holborn.
- **London** – The Other House to open in South Kensington in late 2022. Sister property Wellington Block to open in Covent Garden in 2023.
- **Sion, Switzerland** – Cycas Hospitality opened the 119-key Holiday Inn Express & Suites.
- **Strasbourg** – 166-key Citadines Eurometropole opened.

Fastest-growing brands

"European serviced apartment stock expansion is set to accelerate, with supply forecast to expand by 21.2% over the next three years."

Marie Hickey, Director, Commercial Research, Savills

Our figures show that Pierre & Vacances are the biggest brand in Europe with 24,156 units, followed by Adagio with 19,050 and Appart'City with 11,800 serviced apartment units.[92]

Savills says that, based on committed pipeline, Adagio Aparthotels, Staycity and edyn account for 22.9% of the total serviced apartment pipeline, an average growth in stock of 45.1% up to 2025. For edyn and Staycity, this expansion will be driven by their core brands (Locke and Wilde), whilst Adagio Aparthotels is the Adagio Access brand that dominates future pipeline.[93]

Locke Apartments opened six new properties in 2021 including the 180-key Turing Locke in Cambridge, the 241-key Becket Lodge in Dublin and the 103-key Buckle Street Lodge by Locke in Aldgate, London. 2022 – 2024 will see further openings outside the UK, in Berlin, Copenhagen, Lisbon, and Munich.

edyn launched its tech-focused Cove brand, re-branding eight SACO properties and opening a 162-key flagship Cove in London's Canary Wharf. Another Cove is scheduled to open in The Hague

92. GSAIR survey 2022
93. https://www.savills.co.uk/research_articles/229130/325759-0

during 2022, adding 121 apartments. In 2021 alone, Staycity opened in Bordeaux, Heidelberg, Manchester, London Aldgate and a £203m, 249-key Wilde Aparthotels by Staycity, at Paddington. In terms of new entrants, Hyatt House, part of the US-based Hyatt group, have added new sites in Paris and Frankfurt, with the next property due to open in London in 2022.

Private equity investment is also driving expansion. In 2021, City ID acquired its first international site in London. Fortress Investment Group acquired a majority stake in operator PREM Group whilst Finnish-based Bob W secured extra funding that enabled the brand to expand into the UK and Spain.

Germany's Serviced Apartments Platform, part of Vision Apartments, bought digital marketplace Acomodeo, whose founder and CEO was honest in his appraisal. *"It has been a turbulent year,"* said Eric-Jan Krausch. *"Due to refinancing needs in the middle of the corona crisis, we were dependent on new shareholders."* Serviced Apartments Platform had previously invested in the company.

With up to 60% of current European stock unbranded, there is still significant opportunity for brand expansion. As we have already seen, the lines between serviced apartments, BTR and co-living are increasingly blurred, with investor appetite for BTR growing, we may see more serviced apartment operators move into BTR/co-living management and or incorporate these elements into their properties. In 2021, Ascott's co-living brand Lyf secured its first European site in Paris through a joint venture with the Qatar Investment Authority.

> *"Cheval Collection is actively looking to expand its footprint. A property in Frankfurt is our next scheduled property in the pipeline. When it comes to choosing a site, location is naturally the most important, but the configuration of the building is also key, in keeping with our USP of offering more space for customers' money than our hotel competitors. We already have 11 residences and a Cheval Maison in London and Edinburgh and are always looking for new and interesting sites to develop properties."*
>
> **John Philipson, Chief Operating Officer, Cheval Collection**

Germany

"Since the beginning of Covid 19, it seems like most weeks new players are discovering our sector. 3,100 new long-stay apartments were launched in Germany in 2021 with another 18,000 new units planned by 2024"[94] says Burak Ünver, Managing Director of SMARTments business.

"In 2021 I took part in one of the few live conferences which took place in Munich. Speakers from two huge, global lodging players in extended stay announced they want to launch and/or rebrand 5 to 10% of their capacities to long and extended stay units in the upcoming 3-5 years. My question is whether the extended stay sector is big enough to manage this?"

The past two years have clearly shown the differences of concepts within the hospitality sector with regards to type of property, service level and location, says Tim Deuysen of Living Hotels by Derag. Germany's experiences during the pandemic are remarkably similar to other countries and outside of Europe, as he explains.

"In Germany, at some stages, leisure travel was not allowed. Business travellers had to provide an incredibly good reason for their trip next to testing certificates. While hotels of all types had to close their doors for many weeks and sometimes even months, properties with apartment room types could be operated. The travel market collapsed, but the (corporate) housing market was hardly affected at all."

"We adjusted our sales strategy to offer rates that could compete with the corporate housing market. We also lowered our service level and established new distribution channels. As a result we still had to cope with revenue losses, but we kept the occupancy high and generated a solid and predictable cash flow."

"Despite the ongoing crisis, new providers are still entering the market. We are seeing new concepts and new business ideas. Projects that had been planned as typical hotels, will try to alter their concepts to provide cooking facilities in the guest rooms to get a little bit more flexibility towards serviced apartments. Growth of the serviced apartment industry in the German speaking areas of Europe was already high. Now it will develop even bigger and faster." Tim concludes.

Ireland

Premier Suites operates 15 serviced apartment locations across Ireland, United Kingdom, Belgium, Holland, and Dublin. Here too, while the suspension of international and domestic travel stifled demand, those who needed accommodation for essential work and travel opted for serviced apartments.

94. SO!APART insight

As in other countries, the privacy, and facilities of a self-catering apartment, alleviating the need to engage with other guests, proved compelling. Performance across the serviced apartment sector was strong, as Chief Operating Officer Evelyn Haran explains.

"In 2021, we saw our Dublin serviced apartments out-perform the hotel market. While hotels were operating at between 20% and 30% occupancy, our apartments achieved occupancies over 80%, albeit at a supressed rate. Each of our three locations (Leeson Street, Sandyford, and Ballsbridge) remained open throughout the pandemic and attracted business from sectors including construction, film production, finance, technology, and healthcare workers."

"In 2022, we anticipate a rise in the bleisure market with guests opting to take a dual-purpose trip combining business and a holiday into one longer stay. There is increasing confidence in the serviced apartment sector in Dublin. In 2021, we saw the addition of 400 serviced apartment units into Dublin with an additional 730 in the pipeline for 2022."

Cheval Collection

Cheval Collection

Nordics

By Johannes Kangas, CEO, Forenom Group

The volume of bed nights fell by 29 % in the Nordics between 2019 and 2020, which heavily impacted the serviced apartment industry. Sweden and Denmark experienced the smallest drop in volume of just over 20 %, whereas Norway and Finland both faced a bigger hit, with a decrease of over 30% in volume.

In our region, serviced apartments performed better than the accommodation market overall. The pandemic affected us in five ways. First, rates fell due to lower demand (especially for short stays), which impacted ADR, length of stay increased (relocation companies have been booking for periods of a year or more), and customers' location requirements changed.

For instance, in Finland one large industrial project in the south was completed, to be replaced by another project starting in the north. We expect to see a similar pattern in northern Sweden where tens of billions of Krones will be invested in housing and infrastructure during upcoming years.

Demand in Finland and Denmark has been strongest in the construction, infrastructure, and energy sectors. In 2021, we saw business from these markets grow by over 50% compared to 2020.

By comparison, in Sweden and Norway, serviced apartment demand was dominated by the IT, retail, insurance, oil, and cultural sectors pre-pandemic. Today, there's a more even balance between the demand markets. Purchasing patterns have also changed. For the first time, we have received more direct bookings than from the OTAs. Customers are also booking larger apartments.

An ongoing challenge for the Nordic market is fragmented regulation. Whilst the European Union is trying to help serviced apartments grow, we are hampered by planning, the rental market, and taxation regulations.

Harmonisation of serviced apartments' operating models would be a positive development. As an industry, we have an important mission to educate decision makers on how our segment creates value for society in a way that other accommodation providers cannot.

Fig.54 Rates comparison Europe – 2019/20 vs 2021/22

RATES IN KEY CITIES															
These rates are average rates and may vary per location, time of year, regional promotions and specific lengths of stay. Rates quoted are based on an average 4 star extended stay property and exclude taxes. Exchange rates used March 2022.	STUDIO					ONE BEDROOM					TWO BEDROOM				
	2019/20 rate	2021/22 rate			YoY variance	2019/20 rate	2021/22 rate			YoY variance	2019/20 rate	2021/22 rate			YoY variance
	Local currency	Local currency	US$	Euro	%	Local currency	Local currency	US$	Euro	%	Local currency	Local currency	US$	Euro	
EUROPE															
Amsterdam (EUR)															
1-6 nights (nightly rate)	EUR 180	EUR 150	USD 171		-17%	EUR 230	EUR 195	USD 222		-15%	EUR 280	EUR 220	USD 251		-21%
7 nights + (weekly rate)	EUR 975	EUR 925	USD 1,054		-5%	EUR 1,420	EUR 1,220	USD 1,389		-14%	EUR 1,700	EUR 1,285	USD 1,463		-24%
One month + (monthly rate)	EUR 3,700	EUR 3,575	USD 4,072		-3%	EUR 5,200	EUR 4,150	USD 4,725		-20%	EUR 5,775	EUR 4,275	USD 4,868		-26%
3 month + (monthly rate)	EUR 3,300	EUR 3,210	USD 3,656		-3%	EUR 4,895	EUR 3,750	USD 4,270		-23%	EUR 5,525	EUR 3,900	USD 4,441		-29%
Brussels (EUR)															
1-6 nights (nightly rate)	EUR 160	EUR 130	USD 148		-19%	EUR 230	EUR 160	USD 182		-30%	EUR 275	EUR 200	USD 228		-27%
7 nights + (weekly rate)	EUR 835	EUR 800	USD 911		-4%	EUR 1,280	EUR 1,120	USD 1,275		-13%	EUR 1,450	EUR 1,310	USD 1,492		-10%
One month + (monthly rate)	EUR 3,500	EUR 3,200	USD 3,645		-9%	EUR 4,350	EUR 4,000	USD 4,554		-8%	EUR 6,000	EUR 5,000	USD 5,693		-17%
3 month + (monthly rate)	EUR 3,280	EUR 3,000	USD 3,417		-9%	EUR 4,200	EUR 3,900	USD 4,441		-7%	EUR 5,750	EUR 4,700	USD 5,351		-18%
Frankfurt (EUR)															
1-6 nights (nightly rate)	EUR 135	EUR 120	USD 114		-11%	EUR 200	EUR 160	USD 159		-20%	EUR 245	EUR 245	USD 279		0%
7 nights + (weekly rate)	EUR 880	EUR 800	USD 774		-9%	EUR 1,200	EUR 975	USD 1,082		-19%	EUR 1,520	EUR 1,520	USD 1,731		0%
One month + (monthly rate)	EUR 3,620	EUR 3,250	USD 3,702		-10%	EUR 4,500	EUR 4,100	USD 4,668		-9%	EUR 5,450	EUR 5,450	USD 6,205		0%
3 month + (monthly rate)	EUR 3,300	EUR 3,000	USD 3,417		-9%	EUR 4,200	EUR 3,800	USD 4,327		-10%	EUR 5,150	EUR 5,150	USD 5,863		0%
Lisbon (EUR)															
1-6 nights (nightly rate)	EUR 125	EUR 100	USD 108		-20%	EUR 185	EUR 150	USD 142		-19%	EUR 235	EUR 195	USD 194		-17%
7 nights + (weekly rate)	EUR 750	EUR 650	USD 740		-13%	EUR 1,190	EUR 1,000	USD 1,139		-16%	EUR 1,295	EUR 1,100	USD 1,252		-15%
One month + (monthly rate)	EUR 2,700	EUR 2,500	USD 2,847		-7%	EUR 4,000	EUR 3,650	USD 4,156		-9%	EUR 4,590	EUR 4,200	USD 4,782		-8%
3 month + (monthly rate)	EUR 2,400	EUR 2,300	USD 2,619		-4%	EUR 3,650	EUR 3,300	USD 3,757		-10%	EUR 4,450	EUR 4,000	USD 4,554		-10%

RATES IN KEY CITIES

These rates are average rates and may vary per location, time of year, regional promotions and specific lengths of stay. Rates quoted are based on an average 4 star extended stay property and exclude taxes. Exchange rates used March 2022.

	STUDIO					ONE BEDROOM					TWO BEDROOM				
	2019/20 rate	2021/22 rate			YoY variance	2019/20 rate	2021/22 rate			YoY variance	2019/20 rate	2021/22 rate			YoY variance
	Local currency	Local currency	US$	Euro	%	Local currency	Local currency	US$	Euro	%	Local currency	Local currency	US$	Euro	
EUROPE CONT...															
London (GBP)															
1-6 nights (nightly rate)	GBP 175	GBP 150	USD 203	EUR 179	-14%	GBP 240	GBP 190	USD 257	EUR 4,226	-21%	GBP 285	GBP 265	USD 359	EUR 315	-7%
7 nights + (weekly rate)	GBP 1,200	GBP 1,100	USD 1,490	EUR 1,309	-8%	GBP 1,620	GBP 1,480	USD 2,005	EUR 1,761	-9%	GBP 1,900	GBP 1,865	USD 2,527	EUR 2,220	-2%
One month + (monthly rate)	GBP 4,150	GBP 3,925	USD 5,318	EUR 4,671	-5%	GBP 5,500	GBP 5,000	USD 6,774	EUR 5,951	-9%	GBP 6,900	GBP 6,600	USD 8,942	EUR 7,855	-4%
3 month + (monthly rate)	GBP 3,850	GBP 3,650	USD 4,945	EUR 4,344	-5%	GBP 5,000	GBP 4,650	USD 6,300	EUR 5,534	-7%	GBP 6,500	GBP 6,100	USD 8,265	EUR 7,260	-6%
Madrid (EUR)															
1-6 nights (nightly rate)	EUR 130	EUR 135	USD 154		4%	EUR 200	EUR 175	USD 199		-13%	EUR 210	EUR 195	USD 222		-7%
7 nights + (weekly rate)	EUR 750	EUR 765	USD 871		2%	EUR 1,200	EUR 1,180	USD 1,343		-2%	EUR 1,350	EUR 1,300	USD 1,480		-4%
One month + (monthly rate)	EUR 2,400	EUR 2,475	USD 2,818		3%	EUR 3,500	EUR 3,300	USD 3,757		-6%	EUR 4,000	EUR 3,825	USD 4,355		-4%
3 month + (monthly rate)	EUR 2,250	EUR 2,275	USD 2,590		1%	EUR 3,250	EUR 3,000	USD 3,416		-8%	EUR 3,850	EUR 3,680	USD 4,189		-4%
Moscow (RUB)															
1-6 nights (nightly rate)	RUB 6,450	RUB 5,500	USD 73	EUR 64	-15%	RUB 6,800	RUB 6,000	USD 80	EUR 70	-12%	RUB 9,000	RUB 8,100	USD 108	EUR 95	-10%
7 nights + (weekly rate)	RUB 34,000	RUB 32,400	USD 432	EUR 379	-5%	RUB 34,500	RUB 33,900	USD 452	EUR 397	-2%	RUB 50,200	RUB 48,000	USD 640	EUR 562	-4%
One month + (monthly rate)	RUB 118,500	RUB 116,500	USD 1,553	EUR 1,364	-2%	RUB 121,750	RUB 120,200	USD 1,602	EUR 1,407	-1%	RUB 171,500	RUB 165,000	USD 2,199	EUR 1,931	-4%
3 month + (monthly rate)	RUB 117,200	RUB 115,000	USD 1,533	EUR 1,346	-2%	RUB 119,000	RUB 117,000	USD 1,559	EUR 1,369	-2%	RUB 167,500	RUB 162,000	USD 2,158	EUR 1,896	-3%
Paris (EUR)															
1-6 nights (nightly rate)	EUR 210	EUR 175	USD 199		-17%	EUR 300	EUR 235	USD 268		-22%	EUR 435	EUR 410	USD 467		-6%
7 nights + (weekly rate)	EUR 1,290	EUR 1,200	USD 1,366		-7%	EUR 1,900	EUR 1,580	USD 1,799		-17%	EUR 2,850	EUR 2,775	USD 3,159		-3%
One month + (monthly rate)	EUR 3,850	EUR 3,600	USD 4,099		-6%	EUR 6,250	EUR 5,750	USD 6,547		-8%	EUR 9,600	EUR 9,000	USD 10,246		-6%
3 month + (monthly rate)	EUR 3,675	EUR 3,400	USD 3,871		-7%	EUR 5,850	EUR 5,325	USD 6,063		-9%	EUR 8,500	EUR 8,200	USD 9,335		-4%

Regional report - LATAM

By Ben Subedar, AptsColombia

When AptsColombia started in 2008, there wasn't any dedicated corporate housing supply across the region. There was a smattering of hotels with suites or kitchens in them, furnished rental villas in the countryside and housing reconditioned from traditional rentals. There certainly wasn't any real supply in urban destinations, particularly in Colombia.

In recent years, thanks to Airbnb and the OTAs, we've seen more furnished apartments, aparthotels and operators taking on units in multifamily properties and decorating and furnishing them as corporate or short-stay apartments.

LATAM has gone quickly from having little supply to stock that is short stay orientated. Corporate housing supply has only started to come on stream in the last two or three years.

Demand drivers

Most of the demand is coming out of the multinationals which are mainly based in the States and Canada. There's not a lot coming from Europe or Asia. Our key clients are the big consultancy firms, FMCG, tech and telecoms.

Oil and gas are a natural fit because those resources are to be found across Latin America. They tend to be based in the field, close to where the refineries and wells are, but they still need specific housing out in the countryside or in camp. Demand is also being driven by bank mergers and multinational retailers starting to open too.

Corporate housing is a barometer of growth because we deal with companies trying to establish themselves, so we're involved at an early stage of the growth cycle. Overseas companies need help because it's different from relocating to California. Coming south of the border presents several different challenges, not least the language.

Corporations love the fact that true corporate housing is not just aparthotels. Corporations are now more receptive to corporate housing because it is low contact, low traffic, sustainable and self-provisioning. They tend to be bigger than anything, you'd get in a purpose-built hotel, so there's more space for a home office or home school.

Our clients are choosing units with three or more bedrooms, fully equipped kitchens rather than kitchenettes and private outdoor space wherever they can.

Pre-pandemic, the construction pipeline focussed on fitting the most residents into the smallest space, so there were a lot of lofts or studio conversions with mezzanine floors. The downside was that many assignees were uncomfortable with shared spaces, sleeping, doing their laundry, or cooking in the same spaces. The downside is that now, if a client wants the big units, they're going to have to pay for it.

Key markets

> *"The US is our #1 source market, followed by Western Europe. Argentina, and Brazil get some business from China, but it's way from being a major source market. Intra-LATAM business is growing as companies expand their footprints. In terms of source industries, it's a mix of oil, gas, and tech."*
>
> **Parker Stanberry, Oasis**

We operate in over 30 countries, from Mexico all the way down to Patagonia and Argentina through the Caribbean and Central America. There are big differences between these markets, from Mexico, Brazil, and Argentina with the infrastructure to support serviced apartments, hotels, and corporate housing, to smaller markets like the Caribbean islands where supply is short even if demand isn't.

In Brazil, much of business travel was domestic even before the pandemic. Despite being the largest economy in Latin America, and becoming a travel tech hub, a large majority of the country's businesses are small-to-medium-sized companies, rather than corporations. Many of these Brazilian companies have already begun travelling on business again post-pandemic.

In both Mexico and Brazil, we don't see as much of the Monday-through-Thursday travel, but we are seeing longer, extended stays that are either pure business or a mix of business and leisure in a remote working setup. It's not surprising then that serviced apartment occupancy in both countries averages above 90%.

In 2021 we had a lot of demand for tourism destinations like Costa Rica, Ecuador, and Puerto Rico. Corporate enquiries are also coming in for outlying areas like Suriname, El Salvador, and the Dominican Republic.

The countries closest to the US have a definite advantage because the language barrier is not so significant. In contrast, traditional markets like Argentina, Chile, Peru, and Panama fell away during the pandemic.

We are also seeing greater demand for secondary and tertiary cities. In Mexico, 40% of our demand is for outside Mexico City. Brazil is similar, where São Paulo only makes up half of our business and Rio 25%.

Whilst Rio, São Paulo and Mexico City remain stable markets, other traditional markets like Buenos Aires and Lima have seen demand fall over the last couple of years as business travel has fallen victim to the collapse of business travel. Following the (allegedly) rigged election in 2018, Venezuela is a pariah in the region. Formerly the hub for the north of South America, multinationals like Unilever and General Motors have moved to other hubs to service that region.

Construction pipeline

According to the Lodging Econometrics 2021 year-end Construction Pipeline Trend Report for Latin America, the total hotel construction pipeline at the end of 2021 stood at 563 hotels and 101,523 rooms, an 11% decline year-on-year.[95]

Construction is centred on five countries; Mexico with 207 hotels and 38,671 rooms. Brazil - historically the largest construction pipeline in the region - with 97 hotels and 15,901 rooms (both record lows); Peru, with 32 hotels and 3,903 rooms, the Dominican Republic with 21 hotels and 4,874 rooms, and Columbia with 19 hotels and 2,913 rooms. Collectively, these five countries account for 67% of projects and 65% of rooms in the region's total pipeline.

Hotel franchise companies with the largest construction pipelines in Latin America are Marriott International with 103 hotels and 16,200 rooms, Hilton with 102 hotels and 15,716 rooms, Accor with 81 hotels and 10,281 rooms, IHG with 58 hotels and 6,686 rooms and Hyatt Hotels with 33 hotels and 8,192 rooms. These five companies account for 67 percent of the projects in the total construction pipeline at Q4 2021 and are forecast to see the highest number of new hotel openings in 2022 and 2023.

AC Hotels, Lima

95. https://www.hotelmanagement.net/development/le-latin-american-hotel-construction-pipeline-down-11-yoy

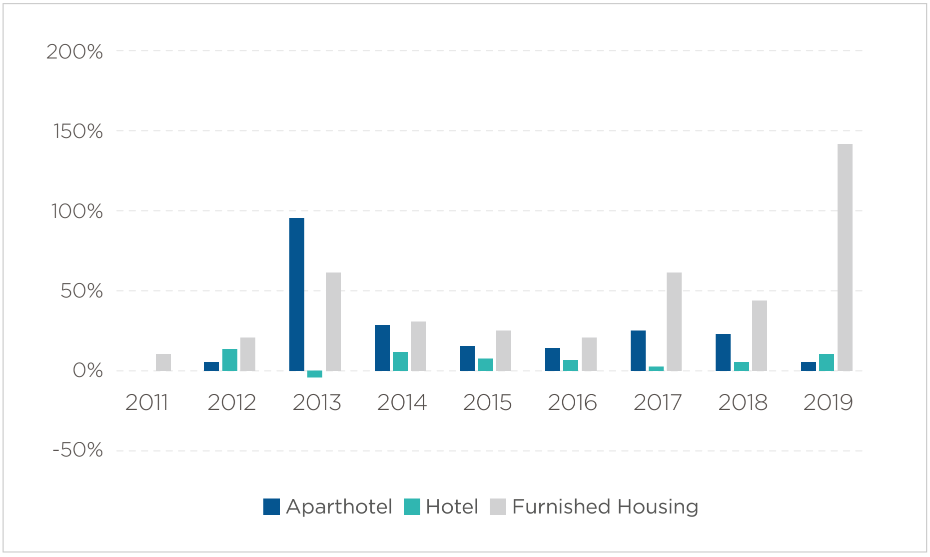
Columbia

Over the last ten years there has been a significant boom in construction in the principal cities of the country including Bogotá, Medellin, Cali, Santa Marta, Cartagena, and Barranquilla, converting low rise residential houses to higher density multi-family residential buildings. The result has increased the supply of modern residential apartments in low- or high-rise buildings in urban and suburban safe locations near to business centres and retail / entertainment areas.

Larger more modern apartment buildings built within the last 10 years sometimes provide communal amenities such as gymnasiums, roof terraces with BBQs and even home theatre rooms. In cities with hotter climates, swimming pools and steam rooms may be available. However business centre facilities are not often to be found in apartment blocks.

Colombia has a buoyant apartment market both for long and short stay furnished and unfurnished, which means that overseas executives can find what they are looking for in terms of location, style, and budget without having to sacrifice a great deal.

Fig.55 Colombia - Year on Year growth of Accommodations



Source: Euromonitor International, Travel 2022 edition.

Key trends

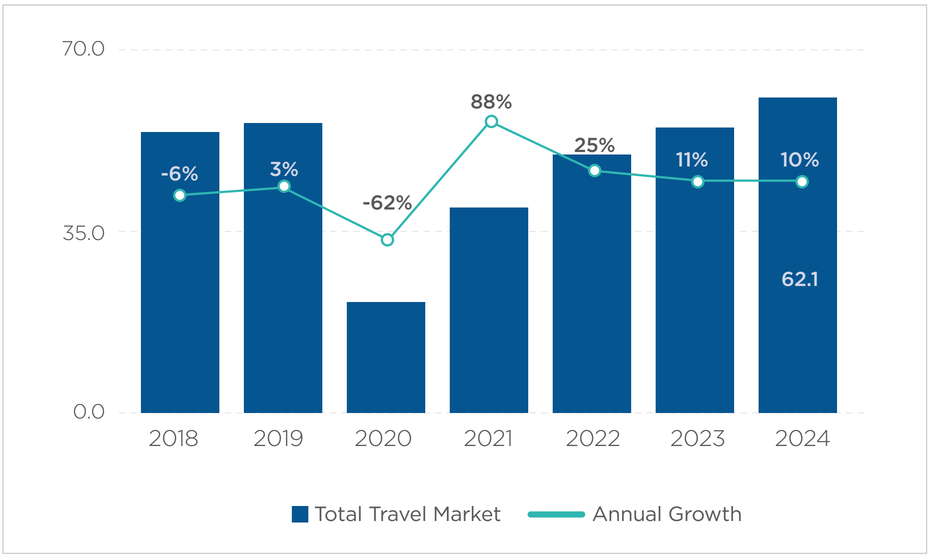
Like our colleagues in other global regions, stays are getting longer so we are seeing more demand for two or three bed apartments with better kitchens and laundry facilities that enable remote working and home schooling.

We are placing clients outside of downtown hotspots so guests can stay closer to their worksites and reduce travel time on public transport. Secondary and tertiary cities are in demand across the region.

Business is returning quickly post-Covid. To stabilize the region, in 2021 the international community and national governments in each Latin American country announced a broad range of social and economic support measures, including easing bureaucratic labour laws, providing emergency stimulus checks to the unemployed, and shoring up local governments and businesses with credit lines and emergency aid.

From a supply perspective, rates are rising due to reduced inventory caused by a reduction in capital investment in construction for long term supply; repurposing of units to traditional rentals; operators going out of business and, of course, a recovery of the leisure market before the corporate.

Fig.56 Latin America Travel Market (US$B) and Annual Growth 2018 - 2024



Source: Latin American Travel market report 2020-2024
Note: 2020-2024 projected.

Impact of the pandemic

The pandemic forced many operators to get smarter with their direct channels and re-evaluate their third-party relationships. We've been diverse in our distribution channels, turning up one channel when another reduces a little bit.

During the pandemic it was a case of focusing in on the local market like everyone else. That meant helping people experiencing problems with their housing to relocate locally or take advantage of the lower rents that were on offer.

Companies and travellers can't help being influenced in part by the media they consume, and those in the US will have read about the reaction of Brazil and Mexico to the pandemic. By contrast, Argentina had an extremely strict lockdown, so they didn't have a lot of international travel.

So, it's no surprise travel managers haven't had the confidence to send assignees into the region. There is demand but that is tempered by a wait-and-see approach.

New supply

Casai, a Mexico City-based start-up that professionally manages short-term rentals for leisure travellers, is expanding into serviced apartments for corporate travellers, with a focus on making Brazil its largest market by year-end.

Casai has acquired the Brazilian operation of the serviced apartments run by Danish company Q Apartments and plans to exceed 3,000 units in up to 10 Brazilian cities by 2025.

Other companies with a similar business model include Housi, a subsidiary of the real estate developer Vitacon that has raised $11 million but is rumoured to be up for sale, and Nomah, a subsidiary of Loft, which has partnered with Gafisa, a giant Brazilian residential construction and real estate company.

Looking ahead

There's only one challenge – supply. Demand is naturally going to bleed back into the market because multinationals are not going to stop operating. They're going to want to send people out and they want to get ahead of the competition.

The supply issue is going to manifest itself in two main ways - short supply and big rate hikes in certain destinations. The challenge for corporates is finding the right supply for their needs whilst maintaining quality and staying within budget. They're going to have to re-evaluate what they received pre-pandemic to what they're going to get post pandemic.

My biggest fear is that the market is flooded with demand that supply cannot meet. On the flipside, there is opportunity as business, travel really ramps up in our region, which has been the slowest of all the major regions to recover.

Q Apartments, Brazil

"The industry is so fragmented; I'm surprised there hasn't been more consolidation and think there will be soon. The folks that went out of business in the pandemic were driven by Master Lease exposure. As things recover, some will be drawn back to that model because of the returns but it is also elevated risk and even more risky now."

"People are traveling for longer periods, want to combine a work trip with some fun experiences and have the flexibility to travel with family and friends. Even if it's for work, they want a product that is more residential and home-like. There's a ton of opportunity there and whilst seeing traditional residential developers embrace that creates competition for corporate housing operators, from a consumer perspective it's a good thing."

Parker Stanberry, Oasis

Q Apartments, Brazil

Fig.57 Rates comparison LATAM 2019/20 vs. 2021/22

RATES IN KEY CITIES															
These rates are average rates and may vary per location, time of year, regional promotions and specific lengths of stay. Rates quoted are based on an average 4 star extended stay property and exclude taxes. Exchange rates used March 2022.	STUDIO					ONE BEDROOM					TWO BEDROOM				
	2019/20 rate	2021/22 rate			YoY variance	2019/20 rate	2021/22 rate			YoY variance	2019/20 rate	2021/22 rate			YoY variance
	Local currency	Local currency	US$	Euro	%	Local currency	Local currency	US$	Euro	%	Local currency	Local currency	US$	Euro	%
SOUTH AMERICA															
Buenos Aires (ARS)															
1-6 nights (nightly rate)	ARS 2,859	ARS 2,750	USD 27	EUR 25	-4%	ARS 3,500	ARS 3,200	USD 30	EUR 27	-9%	ARS 4,000	ARS 3,700	USD 35	EUR 31	-8%
7 nights + (weekly rate)	ARS 19,062	ARS 18,200	USD 180	EUR 162	-5%	ARS 22,000	ARS 20,000	USD 189	EUR 166	-9%	ARS 23,500	ARS 22,800	USD 215	EUR 189	-3%
One month + (monthly rate)	ARS 82,603	ARS 80,000	USD 780	EUR 701	-3%	ARS 83,100	ARS 81,000	USD 765	EUR 671	-3%	ARS 85,000	ARS 84,100	USD 794	EUR 697	-1%
3 month + (monthly rate)	ARS 80,485	ARS 79,200	USD 760	EUR 683	-2%	ARS 81,200	ARS 80,000	USD 755	EUR 663	-1%	ARS 82,500	ARS 80,000	USD 755	EUR 663	-3%
Rio de Janeiro (BRL)															
1-6 nights (nightly rate)	BRL 255	BRL 280	USD 57	EUR 51	10%	BRL 325	BRL 320	USD 61	EUR 54	-2%	BRL 400	BRL 395	USD 75	EUR 67	-1%
7 nights + (weekly rate)	BRL 1,300	BRL 1,340	USD 255	EUR 227	3%	BRL 1,950	BRL 1,875	USD 356	EUR 318	-4%	BRL 2,250	BRL 2,125	USD 404	EUR 360	-6%
One month + (monthly rate)	BRL 4,500	BRL 4,490	USD 853	EUR 761	0%	BRL 5,900	BRL 5,200	USD 912	EUR 813	-12%	BRL 7,400	BRL 7,000	USD 1,330	EUR 1,186	-5%
3 month + (monthly rate)	BRL 4,000	BRL 4,125	USD 784	EUR 699	3%	BRL 5,200	BRL 4,800	USD 912	EUR 813	-8%	BRL 6,790	BRL 6,000	USD 1,140	EUR 1,017	-12%
Sao Paulo (BRL)															
1-6 nights (nightly rate)	BRL 280	BRL 325	USD 67	EUR 59	16%	BRL 385	BRL 400	USD 76	EUR 68	4%	BRL 485	BRL 450	USD 86	EUR 76	-7%
7 nights + (weekly rate)	BRL 1,600	BRL 1,680	USD 319	EUR 285	5%	BRL 2,300	BRL 2,500	USD 475	EUR 424	9%	BRL 3,000	BRL 2,900	USD 551	EUR 492	-3%
One month + (monthly rate)	BRL 5,300	BRL 5,800	USD 1,102	EUR 983	9%	BRL 6,950	BRL 7,000	USD 1,331	EUR 1,186	1%	BRL 9,225	BRL 9,000	USD 1,711	EUR 1,526	-2%
3 month + (monthly rate)	BRL 4,900	BRL 5,300	USD 1,008	EUR 898	8%	BRL 6,200	BRL 6,500	USD 1,236	EUR 1,101	5%	BRL 8,910	BRL 8,700	USD 1,654	EUR 1,475	-2%

Regional report - Middle East

By Martin Kubler, The Concierge

Just like most other markets around the world, the serviced apartment industry in the six Gulf Cooperation Council (GCC) countries, took a big Covid hit in 2020 and early 2021, which put paid to the ambitious growth plans of emirates like Dubai and countries like Saudi Arabia.

For all the upheaval the pandemic caused in the Gulf countries, they were also mostly among the first to implement thorough vaccination strategies and recovery strategies and rolled out Covid vaccinations quickly and aggressively.

Consequently, most GCC countries saw life return to relative normalcy earlier than many other regions and resumed their earlier growth strategies. Dubai had the postponed EXPO 2020 as a major recovery driver, while the ongoing opening of Saudi Arabia's tourism market provided opportunities for the further development of serviced apartments.

The following is an overview of the GCC serviced apartment sector, focussing on market segmentation, key supply characteristics, performance, and the sector's outlook in the GCC market.

Market Segmentation

Traditionally, demand for serviced apartments across the GCC was mostly driven by business, expat, and contractor travellers; segments which were particularly hard hit by the pandemic.

These segments usually opted for longer stays and preferred serviced apartments, because of the reasonable rates, good infrastructure, space, and overall comfort and convenience.

The exception was Saudi Arabia, where serviced apartments previously already attracted many short stay guests because of larger family groups travelling internally for leisure or religious purposes or travellers visiting friends and relatives.

The pandemic affected demand for serviced apartments across the entire region. Travellers who were unable to travel abroad, started to take frequent staycations. Many preferred serviced apartments over hotel accommodation because the additional space made it easier to follow Covid protocols, but also offered more privacy and easier control of cleanliness.

Additionally, rather than dining out in nearby restaurants or in hotels, where social distancing rules were in place, serviced apartments offered travellers the option of preparing their own meals or ordering in.

Towards the end of pandemic-related restrictions, key markets like Dubai, Saudi Arabia and Bahrain saw their economic recoveries gathering speed, which brought back some of the more traditional serviced apartment segments, particularly in the run-up to EXPO and for Saudi Arabia's sprawling Red Sea Project.

Existing Supply

Perhaps unsurprisingly, the UAE, particularly Dubai and Saudi Arabia, and led by Jeddah and Riyadh, has the most serviced apartments. However, other countries and regions have seen an uptick in demand, including the provinces in Saudi Arabia's south-western regions, Ras al Khaimah in the UAE, and certain areas in Oman. Traditionally seen as better value than hotels, serviced apartments rates took a tumble in many of the region's key markets during the pandemic and in the immediate aftermath. This was because residential rental rates were exceptionally low and, in cities like Dubai, Abu Dhabi, or Muscat, there was an oversupply of residential properties.

The opening of EXPO 2020 saw residential rental rates rise towards the end of 2021, which also had positive effects on serviced apartment rates in Dubai. While in other parts of the GCC pent-up travel demand led to more travellers making use of serviced apartments once travel restrictions eased.

Over the past few years, the region has seen a considerable increase in branded serviced apartments operators, which continues at pace, but this should not distract from the fact that a very sizeable number of serviced apartments in key destinations across the GCC remain unbranded, instead carrying minor local brands, and/or independently operated.

These apartments usually offer slightly lower rates than their internationally flagged competitors, which overall benefits the market, because unlike the hotel landscape in major GCC cities, the serviced apartment landscape was much slower to adjust to the increased demand for affordable/budget offerings. We have yet to see, for example, the emergence of a budget, lifestyle-centric, serviced apartment brand that mirrors popular budget hotel brands like Rove Hotels.

Pandemic impact

> *"Many of our serviced apartments performed better than hotels include the Radisson BLUs in Dubai Marina and in Riyadh's Diplomatic quarter. None of our serviced apartments lost money or closed for business over the course of the pandemic. Serviced apartments remain at the heart of our expansion drive, not only in the Middle East but across EMEA."*
>
> **Elie Milky, the Radisson Group's VP of Business Development for the Middle East**

Covid has been a game changer for the global hospitality industry, but serviced apartments have emerged from the pandemic as one of the winners, because they offer travellers safety, cleanliness, privacy, and the ability to work and live in comfort regardless of where their travels take them.

Many of our customers haven't travelled for a fair while and now that markets are slowly opening up again, we're noticing considerable demand for top-end service apartments, which also offer traditional luxury hotel amenities. Guests feel they deserve to splurge, yet also want to make sure they have the privacy and space they got used to during the pandemic.

Travellers had to choose between luxury hotels, with the luxury amenities required to make a stay special, and serviced apartments, which offered the space and convenience, but often weren't so luxurious.

We're now seeing guests asking for a combination of both these stay options and requesting for serviced apartments that are spacious, convenient, but also let them add luxury hotel-style services to customize their experience.

Radisson BLU, Riyadh Diplomatic quarter

Serviced apartment pipeline

Although the pandemic-induced downturn did temporarily slow down the traditionally highly active serviced apartment pipeline across the GCC region, things started to change half-way through 2021 and, based on the current pipeline of hotel and serviced apartment project completions in the GCC, an estimated 75,900 rooms are forecast to be added across the region in the period 2021-24.

The planned openings are mainly located in Saudi Arabia, Qatar, and the UAE, including phases five and six at Jabal Omar, Makkah; the Jewel of the Creek development in Dubai; and Qetaifan Island North in Qatar, but also the 'giga projects' in Saudi Arabia led by the Red Sea Project, Neom, Amaala, Diriyah Gate and Al-Ula, to name but a few. The figures also include a mega-project planned for Oman, the Yenkit Hills development.

Sonder is expanding its presence in the Middle East by adding two additional buildings to its growing portfolio in Dubai, United Arab Emirates. Through an agreement with Al Fattan Properties LLC, Sonder will manage and operate two of the three Al Fattan Towers in Downtown, with views on Burj Khalifa, to be operated as Sonder Downtown Towers.

Sonder is also exploring additional expansion into the Palm Jumeirah, Dubai Marina, La Mer, City Walk and DIFC areas of Dubai.[96]

Ascott opened the 81-unit Citadines Culture Village Dubai, its third property in the emirate, in 2021, close to Dubai International Airport.[97] The company is also adding 461 units in Saudi Arabia, including the waterfront district of Al Khobar, with the opening of Citadines Al Aziziyah Al Khobar and Somerset Downtown Al Khobar. In Oman, Citadines Al Ghubrah Muscat will offer 96 units in the heart of Muscat's central business district.

Vacation Rentals

The pandemic-induced changes to travel patterns and booking behaviours further closed the gap between "vacation rentals" and "serviced apartments" for many consumers. Many countries in the GCC have introduced more flexible residency and visa options, including special schemes aimed at remote workers and digital Nomad Temporary Housings, and apartments are, of course, a popular choice with such guests.

The new breed of guest is often considerably younger than the traditional serviced apartment user and has likely grown up with "on demand" services like Netflix, Doordash, and Airbnb. The easy online booking experience coupled with the substantial number of, often, quite different properties draw many travellers to Airbnb and similar services.

One of the main drawbacks of using vacation rentals or holiday homes so far, not just in the GCC, has been the lack of standards, varying consistency, and the inability to get "hotel-like services" like fine dining and recreation amenities. Companies have identified this gap and are filling it by adding hotel-style amenities and services to their vacation rental or serviced apartments stay.

The increase in staycations meant that GCC residents started to explore their own backyards more, e.g. the more remote provinces in Saudi Arabia, Hatta, or Ras al Khaimah in the UAE, or off the beaten track locations in the mountains of Oman - often few hotels or branded serviced apartments existed in such locations, but landlords were quick to catch on and added properties to Airbnb or other vacation rental platforms. On that account, such platforms can be seen as an indicator of rising demand and emerging destinations.

Doha

96. https://servicedapartmentnews.com/news/industry-news/sonder-to-expand-middle-east-presence/
97. https://servicedapartmentnews.com/news/industry-news/ascott-to-add-6-000-units-in-mea-by-2025/

Levatio Hotel, Muscat

Outlook

Several large events (e.g. the 2022 FIFA World Cup in Qatar, but also F1 in Saudi Arabia and the UAE) and mega projects (e.g. Red Sea Project in KSA, Lusail City in Qatar) are likely to see increasing demand for serviced apartments in the main GCC markets.

Changing travel habits should benefit serviced apartments in the region overall and make them more sought after by leisure travellers, but also by remote workers and digital Nomad Temporary Housings, which may be attracted by the new residency and visa options introduced by several GCC countries.

It is likely that serviced apartments in the region will continue to become “less corporate” and more “lifestyle” and that we will see the emergence of new-style medium and long stay options that take the best from popular lifestyle hotel chains like Rove Hotels and combine them with the best of serviced apartment living.

Additionally, the new breed of serviced apartment users will be looking for additional facilities and services to bring more hotel-style comfort to their serviced apartment experience, which could see an increase in mixed use developments like, say, the Levatio Hotel in Muscat, Oman, which offers a hotel tower, a separate serviced apartments tower, shared leisure and dining facilities, and a direct connection to a shopping mall.

Similarly, the One&Only One Za’abeel is due to launch in Dubai in Q2 2022, combining a One&Only branded hotel, luxury residences, serviced apartments, offices, and retail space.

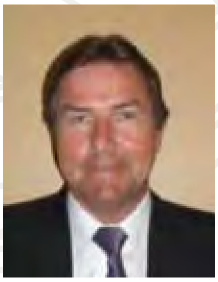
If the past two years have taught us anything, of course, it is that the travel and hospitality sectors can be disrupted at short notice and that recovery is often not a straight line, but somewhat of an up and down.

Still, even if travel globally takes longer to recover than anticipated, the serviced apartment sector in the GCC countries seems to be on an upward trajectory, because of the region’s overall successful pandemic recovery strategies, continued economic and societal opening, and a renewed push to grow the non-oil sectors and activities.

Fig. 58 Rates comparison Middle East 2019/20 vs. 2021/22

RATES IN KEY CITIES															
These rates are average rates and may vary per location, time of year, regional promotions and specific lengths of stay. Rates quoted are based on an average 4 star extended stay property and exclude taxes. Exchange rates used March 2022.	STUDIO					ONE BEDROOM					TWO BEDROOM				
	2019/20 rate	2021/22 rate			YoY variance	2019/20 rate	2021/22 rate			YoY variance	2019/20 rate	2021/22 rate			YoY variance
	Local currency	Local currency	US$	Euro	%	Local currency	Local currency	US$	Euro	%	Local currency	Local currency	US$	Euro	%
MIDDLE EAST															
Abu Dhabi (AED)															
1-6 nights (nightly rate)	AED 580	AED 550	USD 150	EUR 132	-5%	AED 800	AED 600	USD 163	EUR 143	-25%	AED 1,100	AED 900	USD 245	EUR 215	-18%
7 nights + (weekly rate)	AED 3,200	AED 3,000	USD 817	EUR 717	-6%	AED 3,820	AED 3,500	USD 953	EUR 837	-8%	AED 6,000	AED 5,500	USD 1,498	EUR 1,315	-8%
One month + (monthly rate)	AED 10,000	AED 9,100	USD 3,478	EUR 2,176	-9%	AED 15,200	AED 14,700	USD 4,003	EUR 3,515	-3%	AED 25,100	AED 22,500	USD 6,127	EUR 5,380	-10%
3 month + (monthly rate)	AED 9,400	AED 8,800	USD 2,396	EUR 2,104	-6%	AED 14,100	AED 14,000	USD 3,812	EUR 3,348	-1%	AED 22,000	AED 21,000	USD 5,718	EUR 5,021	-5%
Dubai (AED)															
1-6 nights (nightly rate)	AED 640	AED 775	USD 211	EUR 185	21%	AED 800	AED 875	USD 238	EUR 209	9%	AED 1,100	AED 1,260	USD 343	EUR 301	15%
7 nights + (weekly rate)	AED 3,690	AED 4,000	USD 1,089	EUR 956	8%	AED 4,300	AED 4,500	USD 1,225	EUR 1,076	5%	AED 6,900	AED 7,800	USD 2,124	EUR 1,865	13%
One month + (monthly rate)	AED 12,800	AED 13,500	USD 3,676	EUR 3,228	5%	AED 21,800	AED 22,650	USD 6,167	EUR 5,416	4%	AED 25,100	AED 26,200	USD 7,134	EUR 6,265	4%
3 month + (monthly rate)	AED 11,100	AED 11,600	USD 3,159	EUR 2,774	5%	AED 20,000	AED 21,000	USD 5,718	EUR 5,022	5%	AED 23,100	AED 24,000	USD 6,535	EUR 5,738	4%
Doha (QAR)															
1-6 nights (nightly rate)	QAR 720	QAR 500	USD 137	EUR 121	-31%	QAR 1,000	QAR 800	USD 220	EUR 193	-20%	QAR 1,350	QAR 1,000	USD 275	EUR 241	-26%
7 nights + (weekly rate)	QAR 4,000	QAR 3,000	USD 824	EUR 724	-25%	QAR 6,000	QAR 5,200	USD 1,429	EUR 1,255	-13%	QAR 8,500	QAR 6,400	USD 1,758	EUR 1,544	-25%
One month + (monthly rate)	QAR 16,500	QAR 12,500	USD 3,434	EUR 3,016	-24%	QAR 25,000	QAR 21,000	USD 5,769	EUR 5,066	-16%	QAR 31,400	QAR 27,000	USD 7,418	EUR 6,514	-14%
3 month + (monthly rate)	QAR 15,200	QAR 11,000	USD 3,022	EUR 2,654	-28%	QAR 23,800	QAR 20,000	USD 5,495	EUR 4,825	-16%	QAR 27,900	QAR 23,500	USD 6,456	EUR 5,670	-16%

Regional report - USA & Canada



By Mark Skinner, The Highland Group

USA

When compared with the same price category of hotels, serviced apartments endured lower revenue losses in 2020. Economy extended-stay hotels were the top performing segment in 2020 and they are leading the recovery in 2021.

Mid-price extended-stay hotels are also among the industry's best performing segments with monthly RevPAR exceeding its 2019 nominal value since July of this year. Largely because of a relatively high concentration of rooms in urban markets, upscale extended-stay hotels have not recovered RevPAR back to 2019, but monthly performance indices generally increased in 2021 and third quarter 2021 demand reached a record high.

Q3 2021 was exceptionally good for extended-stay hotels with 14 new performance records established. With record highs across many metrics and declining supply growth, extended-stay hotels in the USA are highly likely to set new performance records during the near term.

2020

Extended-stay hotels weathered the impact of the Covid pandemic far better than the overall hotel industry across all performance metrics. Like the broader hotel industry, extended-stay hotels have suffered the greatest revenue losses at higher price points. However, when compared to hotels of the same class, extended-stay hotels have performed much better.

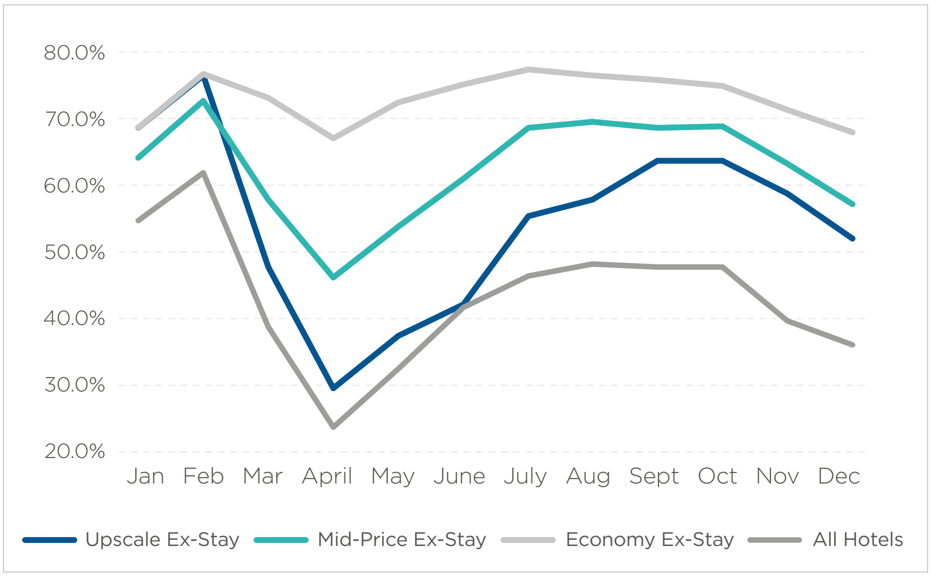
Fig. 59 Hotel Performance Metrics: 2020 vs 2019 (US$m) by region 2014 -2019

Segment	Supply	Demand	Revenues	Occupancy	ADR	RevPAR
All Upscale	-2.7%	-41.7%	-52.2%	-40.1%	-18.0%	-50.9%
Upscale Ex-Stay	3.0%	-27.6%	-39.9%	-29.7%	-17.0%	-41.6%
All Mid-Price	-0.7%	-25.9%	-34.6%	-25.4%	-11.8%	-34.2%
Mid-Price Ex-Stay	5.4%	-10.2%	-21.8%	-14.8%	-13.0%	-25.8%
All Economy	-1.3%	-18.2%	-29.1%	-17.1%	-13.3%	-28.2%
Economy Ex-Stay	2.5%	-0.6%	-3.1%	-3.1%	-2.5%	-5.4%
All Hotels	-3.6%	-35.7%	-49.4%	-33.3%	-21.3%	-47.5%
All Ex-Stay	3.9%	-15.8%	-30.8%	-18.9%	-17.8%	-33.4%

Sources: STR, The Highland Group

Extended-stay hotels in the USA are highly likely to set new performance records

Fig.60 Average Occupancy by Type of Hotel 2020



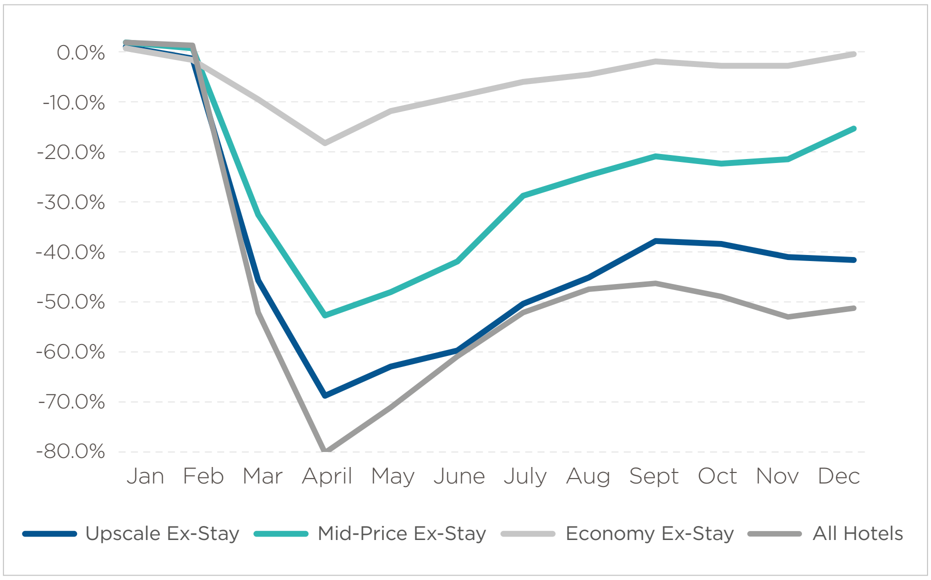
Source: Sources: STR, The Highland Group

Collectively, extended-stay hotels began 2020 with a 12 – 13% occupancy premium over the all-hotel average which is within the 10 to 15% range reported over the last 20 years.

During contractionary periods, extended-stay's occupancy premium tends to widen and, at 17.8 %age points in 2020, it was the widest ever reported. The occupancy premium peaked at 23 points in November 2020 and averaged 20 points for the second half of the year.

Corporatehousing.com

Fig.61 Monthly RevPar Change by Type of Hotel 2019 v 2020



Source: Sources: STR, The Highland Group

Fig.62 Monthly RevPAR Change by Type of Hotel 2019 v 2020

Segment	Jan	Feb	Mar	April	May	June	July	Aug	Sep	Oct	Nov	Dec
Upscale Ex-Stay	1.3%	-0.9%	-45.4%	-68.5%	-62.9%	-59.4%	-50.2%	-44.8%	-37.4%	-38.1%	-40.8%	-41.2%
Mid-Price Ex-Stay	2.2%	1.1%	-32.3%	-52.4%	-47.9%	-41.8%	-28.4%	-24.3%	-20.4%	-22.1%	-21.1%	-15.0%
Economy Ex-Stay	1.1%	-1.2%	-9.1%	-17.9%	-11.4%	-8.5%	-5.7%	-4.3%	-1.4%	-2.6%	-2.4%	-0.1%
All Hotels	2.3%	1.7%	-51.8%	-79.9%	-71.0%	-60.6%	-52.0%	-47.3%	-46.0%	-48.8%	-52.7%	-51.0%

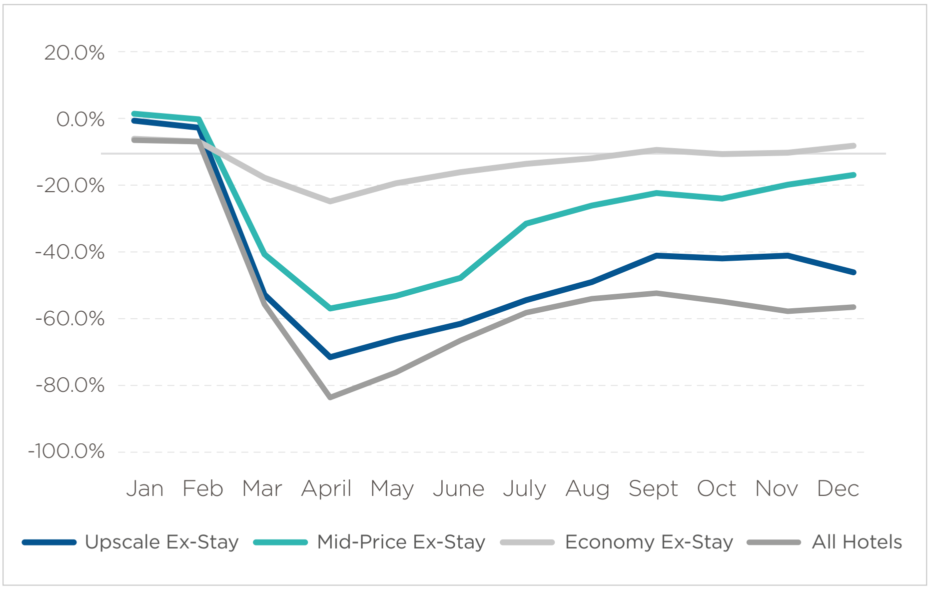
Sources: STR, The Highland Group

Upscale extended-stay hotels have a stronger correlation with the overall hotel industry than economy and mid-price segments. Although not as deep, the trajectory of the upscale segment's early RevPAR losses was similar to the overall hotel industry through August. Less aggressive rate discounting was the main reason the difference between upscale extended-stay and all-hotel RevPAR declines widened during early fall.

Corporatehousingfactory.com

Corporatehousingfactory.com

Fig.63 Monthly Room Revenue Change by Type of Hotel 2019 v 2020



Source: Sources: STR, The Highland Group

Fig.64 Monthly Room Revenue Change by Type of Hotel 2019 v 2020

Segment	Jan	Feb	Mar	April	May	June	July	Aug	Sep	Oct	Nov	Dec
Upscale Ex-Stay	10.7%	8.7%	-47.8%	-68.7%	-62.8%	-57.5%	-49.4%	-43.7%	-34.6%	-35.3%	-34.4%	-40.2%
Mid-Price Ex-Stay	13.5%	11.5%	-34.3%	-52.6%	-48.3%	-42.2%	-23.8%	-17.5%	-13.3%	-15.2%	-10.8%	-7.5%
Economy Ex-Stay	4.8%	3.9%	-8.1%	-16.5%	-10.0%	-6.3%	-3.5%	-1.6%	1.2%	-0.1%	0.2%	2.4%
All Hotels	4.4%	3.8%	-50.9%	-82.4%	-74.2%	-63.1%	-53.9%	-48.9%	-47.4%	-50.0%	-53.5%	-51.9%

Sources: STR, The Highland Group

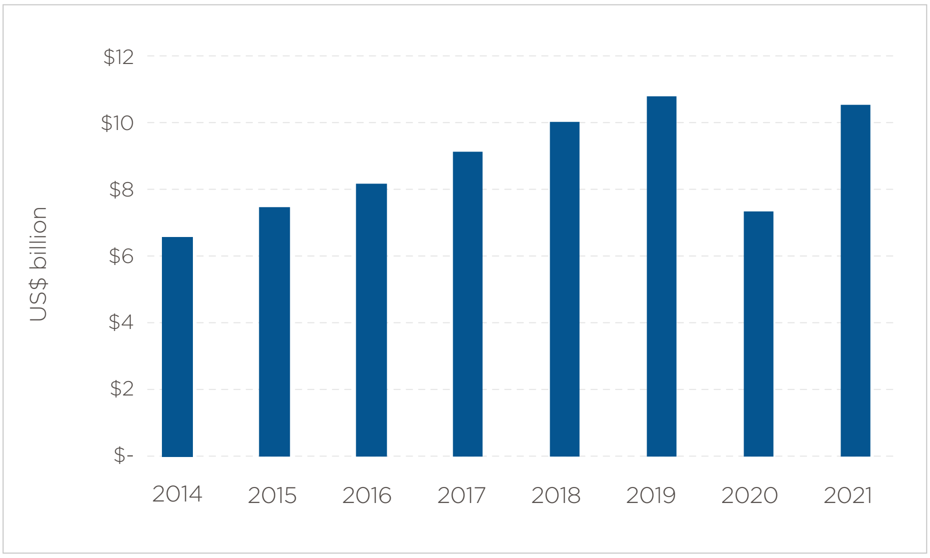
Economy extended-stay hotels quickly pared down room revenue losses into single digits after only two full months following the start of the pandemic. In September 2020, it was the first and only segment of the hotel industry to report a month-on-month gain in room revenues. Following a very slight contraction in October, economy extended-stay hotel room revenues increased the following two months.

2021

At $10.61 billion, extended-stay room revenues year-to-date are within 3% of the previous high set in 2019. At $4.24 billion, extended-stay hotel room revenues in Q3 2021 are the highest ever reported across all three segments. Upscale extended-stay hotels lost more revenue during the pandemic than economy and mid-price segments and are rebuilding faster. However, they remain about 12% lower than in 2019.

Year-to-date occupancy for mid-price and upscale extended-stay hotels remains below the typical level since 2014. The economy segment, however, set another new record through the third quarter.

Fig. 65 Extended-Stay Room Revenues ($ Billions)
Year-to-Date Through the 3rd Quarter



Source: The Highland Group

Fig.66 US Extended-Stay Hotel Average Occupancy - Year-to-Date Through the 3rd Quarter

Segment	2014	2015	2016	2017	2018	2019	2020	2021	Change 20/21
Economy	79.7%	79.2%	77.4%	77.3%	78.7%	76.7%	74.0%	80.5%	+8.8%
Mid-Price	74.9%	74.8%	74.4%	74.9%	75.0%	75.8%	63.2%	73.7%	+16.6%
Upscale	79.6%	80.3%	79.8%	79.9%	80.0%	79.1%	53.9%	72.2%	+34.1%
Total	77.8%	77.9%	77.2%	77.5%	77.8%	77.4%	61.4%	74.3%	+21.0%

Sources: STR, The Highland Group

The boost in summer season travel benefitted upscale extended-stay hotel rates more than lower priced segments, resulting in the widest difference between the rate change in Q3 compared to year-to-date.

Fig.67 US Extended-Stay Hotel Average Rate - Year-to-Date Through the 3rd Quarter

Segment	2014	2015	2016	2017	2018	2019	2020	2021	Change 20/21
Economy	$35.95	$38.89	$40.70	$43.38	$45.98	$47.18	$45.74	$50.20	+9.7%
Mid-Price	$71.77	$77.72	$81.94	$85.06	$88.79	$90.01	$78.07	$86.92	+11.3%
Upscale	$127.73	$135.00	$138.82	$141.23	$143.61	$144.61	$122.86	$124.61	+1.4%
Total	$86.17	$92.96	$97.08	$100.59	$103.91	$105.01	$86.86	$94.79	9.1%

Sources: STR, The Highland Group

RevPAR for economy extended-stay hotels set new Q3 and year-to-date records. The mid-price segment set a new Q3 record but stayed about $4 below its 2019 level year-to-date.

Fig.68 US Extended-Stay Hotel REVPAR Year-to-Date Through the 3rd Quarter

Segment	2014	2015	2016	2017	2018	2019	2020	2021	Change 20/21
Economy	$28.64	$30.81	$31.52	$33.55	$36.20	$36.18	$33.84	$40.42	+19.5%
Mid-Price	$53.79	$58.13	$60.98	$63.75	$66.60	$68.25	$49.37	$64.09	+29.8%
Upscale	$101.64	$108.37	$110.78	$112.82	$114.91	$114.46	$66.16	$89.96	+36.0%
Total	$67.02	$72.43	$74.98	$77.91	$80.84	$81.23	$53.34	$70.45	+32.1%

Sources: STR, The Highland Group

The table following shows RevPAR recovery indices for extended-stay hotels.

Fig.69 Extended-Stay Hotel RevPAR Recovery Index 2021 v 2019

Segment	Jan	Feb	Mar	April	May	June	July	Aug	Sep	Oct	Average
Economy	104.7%	94.4%	102.2%	113.0%	111.7%	115.8%	117.9%	117.6%	121.7%	119.6%	111.9%
Mid-Price	83.8%	77.9%	80.8%	90.0%	89.9%	95.8%	104.6%	104.2%	111.4%	109.4%	94.8%
Upscale	62.5%	57.7%	68.7%	83.1%	78.4%	83.4%	91.9%	87.0%	87.1%	85.9%	78.6%
All Ex-Stay	73.7%	68.9%	75.6%	88.4%	85.1%	90.4%	98.7%	95.6%	98.1%	96.4%	87.1%

Sources: STR, The Highland Group

Analysis

There has been a blurring of business and leisure that includes longer stays, since employees can work from anywhere. In January 2022, Airbnb CEO Brian Chesky told investors that 2021 was the company's "best year in history." He also described how, over the past two years, average stay increased by 15%. Stays of a week or more now represent half of all nights booked, and long-term stays of 28 nights, or more, have become Airbnb's fastest growing type of bookings.[98]

Fig.70 Extended-Stay Hotel Room Night Supply: November

Segment	2020	2021	Change
Economy	2,906,810	3,005,275	3.4%
Mid-Price	6,678,979	6,962,931	4.3%
Upscale	6,593,485	6,864,282	4.1%
Total	16,179,274	16,832,488	4.0%

Sources: STR, The Highland Group

98. https://www.nbcnews.com/business/travel/extended-stay-hotels-play-long-game-rcna17365

Across North America and Canada, there are now 665,350 serviced apartment units in 8,423 locations. This represents an increase of 11% and 10.7% respectively over 2020.[99]

A 4% increase in extended-stay room supply in November tied with October as the lowest monthly gain in 2021. The impact to supply growth from reopening hotels closed during the pandemic is effectively over. Early indications are that mid-price and upscale supply growth should be well below pre-pandemic levels during the near term.

Extended-stay hotel occupancy gained more than all hotels in November, increasing extended-stay hotel's occupancy premium to 16%. The premium remains above its long-term average, where it has stayed for the past two years.

Upscale extended-stay hotels endured the largest fall in demand in 2020, but now are leading the demand recovery. Extended-stay hotel demand reached 12.3 million room nights in November 2021, 11% higher than November 2019.

New supply

Although extended-stay hotels still account for less than 10% of the total lodging market, their share has been growing. Most major hotel brands are adding to their extended stay portfolios.

Wyndham Hotels & Resorts now has 50 properties signed for the new economy extended-stay brand with the working title Project Echo (Economy Hotel Opportunity). Wyndham has awarded contracts to develop 25 new-construction projects each with its first two partners — Richmond-based Sandpiper Hospitality and Dallas-based Gulf Coast Hotel Management.

Meanwhile, In January, Blackstone Inc. and Starwood Capital Group announced their $1.5 billion acquisition of WoodSpring Suites' 100 properties. This followed Blackstone and Starwood Capital's purchase of Extended Stay America's 650 locations for more than $6 billion for Extended Stay America.

Corporate housing perspective

"Decreased inventory, increased demand, and costs, along with the emergence of the digital Nomad Temporary Housing all impacted the North American corporate housing industry. Today and for the near future, these changes will impact the industry.

With little to no vacancy in residential rental units in most major metropolitan areas, competition to lease quality vacant units is fierce. High-paying long-term renters leave little inventory for the industry. There is not enough new inventory to meet the current demand.

Along with unit shortages, corporate housing providers are facing global supply chain delays. Providers and partners must manage the challenges of acquiring new furniture and household goods, navigating ever-uncertain logistics and ever-changing guest expectations. These delays and shortages increased the costs of these goods, necessitating that some costs get passed along to the client.

Another reality facing the industry is the emergence of the 'digital Nomad Temporary Housing.' The pandemic forced employees to work from home and technology made it possible. No longer tied to a physical location, today's workforce wants to continue working and living from anywhere they choose. Along with uncertain business travel trends, the impact of the digital Nomad Temporary Housing on the industry continues into 2022, these 'digital nomads' represent a new target market for the industry. The corporate housing industry is recovering in North America, adapting, and evolving to today's realities."

Mary Ann B. Passi, CAE, CEO, Corporate Housing Providers Association (CHPA)

99. GSAIR Survey 2022

Fig.71 Rates comparison USA 2019/20 vs. 2021/22

RATES IN KEY CITIES															
These rates are average rates and may vary per location, time of year, regional promotions and specific lengths of stay. Rates quoted are based on an average 4 star extended stay property and exclude taxes. Exchange rates used March 2022.	STUDIO					ONE BEDROOM					TWO BEDROOM				
	2019/20 rate	2021/22 rate			YoY variance	2019/20 rate	2021/22 rate			YoY variance	2019/20 rate	2021/22 rate			YoY variance
	Local currency	Local currency	US$	Euro	%	Local currency	Local currency	US$	Euro	%	Local currency	Local currency	US$	Euro	%
USA/CANADA															
Boston (USD)															
1-6 nights (nightly rate)	USD 180	USD 180		EUR 157	0%	USD 180	210		EUR 184	17%	USD 180	USD 215		EUR 188	19%
7 nights + (weekly rate)	USD 1,000	USD 1,000		EUR 874	0%	USD 1,000	1150		EUR 1,006	15%	USD 1,000	USD 1,180		EUR 1,032	18%
One month + (monthly rate)	USD 3,725	USD 3,725		EUR 3,258	0%	USD 3,725	3825		EUR 3,345	3%	USD 3,725	USD 3,600		EUR 3,148	-3%
3 month + (monthly rate)	USD 3,400	USD 3,400		EUR 2,973	0%	USD 3,400	3500		EUR 3,061	3%	USD 3,400	USD 3,200		EUR 2,799	-6%
New York (USD)															
1-6 nights (nightly rate)	USD 260	USD 289		EUR 253	11%	USD 290	320		EUR 280	10%	USD 295	USD 340		EUR 297	15%
7 nights + (weekly rate)	USD 1,575	USD 1,700		EUR 1,487	8%	USD 1,575	1700		EUR 1,487	8%	USD 1,575	USD 1,800		EUR 1,575	14%
One month + (monthly rate)	USD 4,300	USD 4,400		EUR 3,849	2%	USD 4,300	4400		EUR 3,850	2%	USD 4,300	USD 4,500		EUR 3,937	5%
3 month + (monthly rate)	USD 4,000	USD 4,100		EUR 3,587	3%	USD 4,000	4200		EUR 3,675	5%	USD 4,000	USD 4,200		EUR 3,675	5%
Toronto (CAD)															
1-6 nights (nightly rate)	CAD 172	CAD 125	USD 99	EUR 86	-27%	CAD 200	CAD 175	USD 138	EUR 121	-13%	CAD 255	CAD 210	USD 166	EUR 145	-18%
7 nights + (weekly rate)	CAD 835	CAD 775	USD 611	EUR 535	-7%	CAD 1,000	CAD 910	USD 717	EUR 628	-9%	CAD 1,400	CAD 1,325	USD 1,045	EUR 914	-5%
One month + (monthly rate)	CAD 3,200	CAD 2,900	USD 2,287	EUR 2,001	-9%	CAD 3,600	CAD 3,400	USD 2,681	EUR 2,346	-6%	CAD 4,200	CAD 4,000	USD 3,155	EUR 2,760	-5%
3 month + (monthly rate)	CAD 3,000	CAD 2,700	USD 2,129	EUR 1,863	-10%	CAD 3,150	CAD 3,000	USD 2,365	EUR 2,070	-5%	CAD 4,000	CAD 3,850	USD 3,036	EUR 2,656	-4%

Essential takeaways

By Mark Harris

Overall, the serviced apartment sector has been handed a major competitive advantage by the pandemic.

Despite on-going challenges in terms of staffing, changing international rules around traveller movement, contrasting vaccination figures between countries and the additional impetus given to sustainability and travellers' needs, the extended stay sector rose magnificently to the challenges of Covid.

The question now is whether the sector can maintain that advantage in the face to hotels' (and investors') increasing focus on so-called accommodation alternatives such as aparthotels, short term rentals and co-living properties. Not to mention serviced apartments.

Here are what we believe are the fifteen essential takeaways from this year's report.

1. Despite the curtailment of all but essential trips during the pandemic, corporate usage of serviced apartments for business travel, assignment and relocation is still growing. But is there a glass ceiling to that growth? Pre-Covid projections of 10% and more[100] conflict with some corporate travel experts who say 4 – 5% of corporate accommodation budgets is the most serviced apartments are likely to achieve.

2. Nobody knows how long it will take business travel to fully recover or surpass 2019 levels. For the time being, stays will be longer but less frequent, putting providers of longer-stay products at a clear advantage.

3. Travellers' and assignees' needs have undergone a cultural shift that began pre-pandemic but has been accelerated during lockdown when travel and mobility managers were able to step back and review their programmes.

4. Sustainability, ESG and personal safety now head the priorities for both travellers and their employers. The question is whether corporates will be prepared to pay a premium for their employees to 'do the right thing' and, if so, what does that greenium look like?

5. Generation Z will make up the bulk of travellers and assignees in this decade. They want new experiences, a digital marketplace accessible entirely by smartphone, less human interaction with staff or other guests, and total control of the sourcing process. This asset-lite generation is content to work remotely from serviced apartments anywhere they wish.

6. Many operators have learned the benefits of the asset-lite model and the need to balance short with longer stay bookings. During the pandemic, they also had to open their eyes to new markets and new ways of reaching potential customers. To exploit the leisure market however, many operators will need to re-tool their systems.

7. Most international markets have had similar experiences during the pandemic; essential trips for infrastructure and other critical projects, although fewer in number and longer in length of stay.

8. Location is still a key factor in the success of any serviced apartment. But with some VC-backed brands having exited the industry, is there a risk that investors' enthusiasm could overshadow location and other key success factors?

9. The trend to focus bookings away from city centres and into suburban and even provincial locations is a symptom of the Covid crisis. The signs are that serviced apartment bookings are already reverting to business hubs, although remote working may prevent things returning to the pre-pandemic normal.

10. Since Airbnb entered the market, £176 billion has been invested into the alternative accommodation market. Future expansion will be driven by investor interest in products like co-living, which require fewer guest amenities and are therefore cheaper to build. It could be argued that co-living, whilst increasingly popular with the corporate market, benefits the investor most.

11. The lines between serviced apartments, short term rentals, and co-living are increasingly blurred. Investor interest in STR and co-living could see serviced apartment operators move into both sectors, either through new products or by creating hybrid concepts

100. GSAIR 2020/21

12. The days of the hybrid agent/operator model are nearly over, at least at scale. Corporates and consumers alike want to know who they are dealing with, whilst increasingly mature operator distribution strategies are driving direct bookings at the expense of certain intermediaries that lack market-dominance in their own right.

13. To leverage the corporate market, operators will have to ensure their content is available on all distribution platforms. In the battle for corporate hearts and minds, the winners will be those who bring together content from all parts of the fragmented extended stay sector into one consistent format, on a single platform.

14. Accreditation is now defined by independent verification. Increased competition means that, to succeed, one or two schemes must emerge as the programmes of choice for guests and operators alike. That will require some clear ROI modelling if operators are not to play one off against the others.

15. The biggest threat to the extended stay sector post-pandemic is complacency. Hotels are already fighting back.

StaycityAparthotel, Paris, MarneLaVallee

Sponsor profiles

Appart'City

Appart'City is held by the Grand M Group holding company, specialising for the past 20 years in property, and managing accommodation, aparthotels, and student housing.

Appart'City, today's leading French urban aparthotel chain which counts more a hundred 2- to 4-star aparthotels, benefits from strong complementary national presence and positioning. Its forms an indisputably consistent network in France, Belgium, and Switzerland.

The company is also continuing its development with openings in France in 2022 and 2023.

Locations
France, Belgium, Switzerland

Amenities
From studios to 2-bedroom accommodation, all our apartments are fully furnished and equipped. The mini kitchens offer everything to be able to make great little meals or to reheat takeaways.

Our apartments also offer an office space with free 100% super-fast fibre optic broadband and TV with Chromecast, a wardrobe and a bathroom with a bath or shower, including a hairdryer, soft towels, and paraben free, environmentally friendly courtesy toiletries.

And we also have a wide range of hotel services*: 24/7 receptions, multi-function living areas, breakfasts, bars, Comptoir City and Bistrot City restaurants, well-being areas, fitness rooms, conference rooms, laundrettes, housekeeping, pets welcome, luggage stores, carparks, shuttle buses, and much more.

*Some services require a fee and are available at certain aparthotels

Points to note
The comfort of an apartment, plus hotel services!

New Openings
France, 2022 : Appart'City Confort St Germain en Laye 4*
France, 2023 : Appart'City Confort Paris Gare de Lyon 4*

Frasers Hospitality

Ownership
Frasers Property Limited

Fraser Suites: Fraser Suites enjoys a highly desirable location in a key business district and reflects the character of the host city with touches of understated elegance and relaxed formality.

Fraser Residence: Fraser Residence is a private sanctuary in a prime location. Contemporary and calm, the tasteful serenity and tranquillity makes it a perfect haven for guests and their families.

Fraser Place: Fraser Place represents vibrant cosmopolitan living with its chic and stylish decor. Each property is located in the energetic heart of the city, often moments from key business districts.

Capri by Fraser: Business hotel-residences that cater to the 'always-on' lifestyle needs of Millennial travellers. From seamless connectivity to a gym that never closes and high-powered activities in between spin cycles, Capri by Fraser keeps them engaged and on top of their game.

Modena by Fraser: A brand of serviced residences that focuses on travelling well with simplicity, functionality, and holistic wellness at the heart of modern living. Comprehensive amenities are offered in a relaxed and simple environment.

Malmaison: Boutique stylish hotels in iconic buildings and individually designed guest rooms with flair and imagination for travellers who dare to be different.

Hotel du Vin: Classic and elegant hotels with trademark bistros for travellers looking to experience quintessentially British hospitality.

Locations
Located across 22 countries and 71 cities: Australia, Indonesia, Malaysia, Singapore, Thailand, Cambodia, Vietnam, China, Japan, South Korea, France, Germany, Bahrain, Nigeria, Oman, Qatar, Saudi Arabia, Spain, Switzerland, Turkey, UAE, United Kingdom

New Openings 2020-2021
- Fraser Suites Akasaka, Tokyo
- Fraser Residence Chengdu
- Fraser Residence Hanoi
- Capri by Fraser, Leipzig / Germany
- Capri by Fraser, Bukit Bintang / Malaysia
- Modena by Fraser Hong Kong
- Malmaison York

New Openings 2022-2023
- Fraser Suites Pazhou, Guangzhou
- Fraser Place Chengdu
- Fraser Residence Forte, Nanjing
- Fraser Residence Tianjin
- Fraser Residence Changsha
- Capri by Fraser, Phnom Penh / Cambodia
- Malmaison Manchester

Sponsor profiles

Oakwood

Ownership
Mapletree Investments

Oakwood, a wholly owned subsidiary of Mapletree Investments, is a leading brand in hospitality management. A global operator and pioneer of the concept of serviced apartments and extended stay segment with 60 years of experience, Oakwood manages a collection of bespoke accommodation options comprising elegantly furnished serviced apartments, hotels, and unfurnished multifamily homes.

The group's current suite of eight brands ensures an accommodation option for every stage of life, across all lifestyles:

- **Oakwood Premier:** Tailored luxury for the discerning traveller
- **Oakwood Suites:** Elegant living with discreet service for the jet-setting professional
- **Oakwood Residence:** Familiarity and community for families in a residential environment
- **Oakwood Studios:** Experiential stays for the global Nomad Temporary Housing
- **The Unlimited Collection by Oakwood:** Unique experiences for the curious traveller
- **Oakwood Hotel & Apartments:** Fuss-free living for the independent traveller
- **Oakwood Beluxs:** Contemporary charm for the cultured traveller
- **Oakwood Living:** Unfurnished homes for families and professionals seeking good living in a multifamily community

Locations
Australia, Bangladesh (pipeline), Cambodia (pipeline), China, India, Indonesia, Japan, Malaysia, Myanmar (pipeline), Philippines (pipeline), Singapore, South Korea, Thailand, United States, Vietnam

Oasis

Ownership
98% Steve Frey ; 2% Parker Stanberry

Oasis serves as a global temporary accommodation's agency. The Oasis Collections brand delivers over 2000 hand-picked, curated, and fully managed homes to our clients. Both are powered by our industry leading, proprietary technology that was developed in-house, Metis.

Locations
Global

Amenities
Amenities vary by property.

Suites by Rehoboth and M’nuchah

Ownership
Private

Suites by Rehoboth
Accommodation solution provider.

At Suites by Rehoboth, we aim to offer our guests a comfortable and affordable stay, your perfect home away from home.

No matter how long you’re in town, we are on hand to make your accommodation requirements effortless.

M’nuchah
A place of rest, fused with creativity.

M’nuchah is a first of its kind Aparthotel for community and creatives. A resting place for those looking to recharge, a sanctuary for those wanting to be inspired.

Locations
London

Amenities
Fully equipped kitchen and internal laundry, high speed Wi-Fi, parking, and pet friendly. Suites by Rehoboth also offers a range of additional services, including concierge, car hire, chauffeur, and personal shopper.

Points to note
Suites by Rehoboth - Est 2019 (3 months before lockdown)
M’nuchah opening March 2022

New Openings
Camden, Canary Wharf, Maida Vale

Sponsor profiles

Staycity

Ownership

Privately owned

Staycity Aparthotels – Stylish, comfortable aparthotels ranging from studio to one- and two-bed apartments sleeping up to 6 people. All have fully equipped kitchens/kitchenettes. Currently operating in 14 European cities.

Wilde Aparthotels by Staycity – premium, design-led aparthotel brand for central locations in prime city centres. Currently operating in London (Covent Garden, Tower Bridge and Paddington), Berlin, Edinburgh, and Manchester (opening beginning of Feb 2022). Premium offer with luxury fixtures and soft furnishings - Grohe rainfall shower, Hypnos mattresses, Smeg and Nespresso appliances.

Locations

Berlin, Bordeaux, Birmingham, Dublin, Edinburgh, Frankfurt, Heidelberg, Liverpool, London, Lyon, Manchester, Marseille, Paris, York, Venice.

Amenities

24-hour reception, guest laundry room, Staycafé selling hot and cold food and drinks as well as breakfast, guest parking, fully equipped gym, guest lounge.

Points to note

Amenities are subject to space. Most of the new openings are new-builds, giving more space for a larger lounge area and Staycafé – breakfast, hot and cold drinks, snacks etc are popular. The lounge and café can be used by non-residents.

Some sites have meeting rooms that can be hired for corporate meetings and small events. Recent operational changes include the option of online check-in/check-out and electronic communication with front-of-house team if preferred.

New Openings

In 2021 Staycity opened new properties in Bordeaux (Staycity Aparthotels brand), Dublin (Staycity), Heidelberg (Staycity), London Tower Bridge (Wilde Aparthotels by Staycity) and London Paddington (Wilde Aparthotels by Staycity).

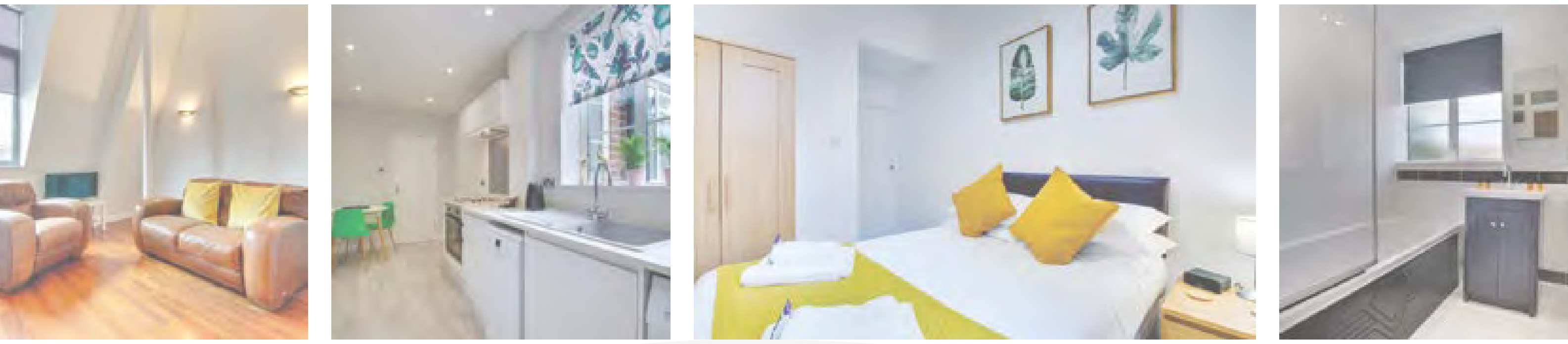
In 2022 Staycity will open further sites in Manchester (Wilde), Dublin (two Staycity Aparthotels), Frankfurt (Staycity) and Paris (Staycity).

Openings in the first half of 2022 will amount to over 1,100 apartments taking Staycity Group's estate to over 5,000 apartments by the Spring.

List of tables

continued on page 138

WEEK 2 WEEK
SERVICED APARTMENTS



Your Hotel Alternative

Providing short and long-stay accommodation in Newcastle upon Tyne and across the UK

BEST DEAL

We offer a cost effective hotel alternative up to 40% cheaper than hotel stays.

PEACE OF MIND

Quality accredited and regulated to ensure standards of safety, security and duty of care. We are on-hand 24:7 for guest support.

WELL-BEING

By ensuring your team are well rested in a home from home leads to higher productivity and better care.

BYOD

Each apartment is set up for you to Bring Your Own Devices allowing flexibility when working and relaxing.

SIMPLE CHECK-IN

We provide a flexible and socially distanced check-in, local area recommendations and key exchange.

HOUSEKEEPING

We arrange cleaning and supply fresh linen and towels. We cater for team changes too.

We follow strict Covid19 Protocol Housekeeping Measures

Please contact Claire and her team either via the website or call 0191 281 3129 or email info@week2week.co.uk

www.week2week.co.uk

Think GLOBAL PEOPLE Relocate AWARDS 2021 HIGHLY COMMENDED

List of tables continued