11TH EDITION

GSAIR

THE GLOBAL SERVICED APARTMENT

INDUSTRY REPORT

2024

Ariosi

PUBLICATION

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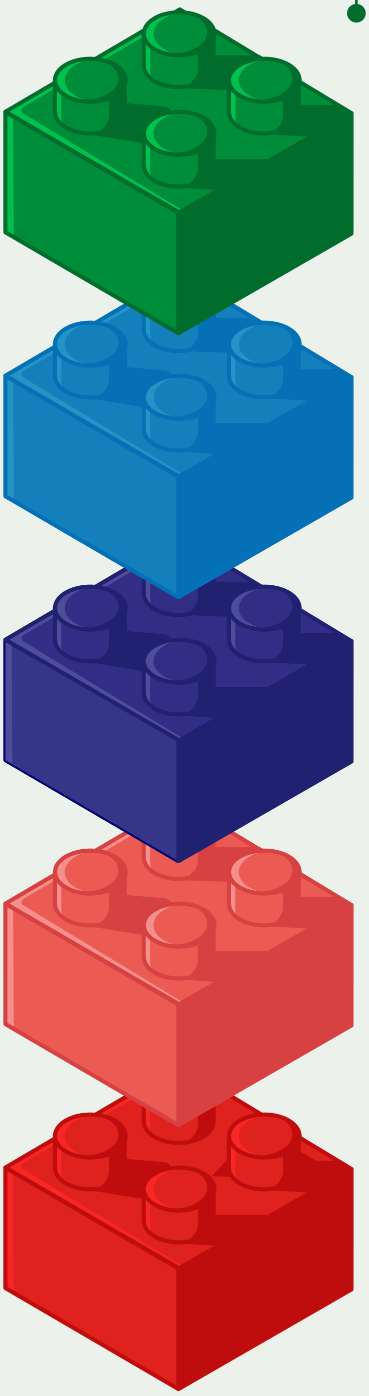

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GLOBAL SERVICED APARTMENT INDUSTRY REPORT 2024

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REPORT METHODOLOGY

The 2024 edition of the Global Serviced Apartment Industry Report has been responsibly compiled from annual proprietary research and selected secondary sources, both in and closely aligned to the serviced apartment industry.

The bulk of this report is based on data from the dedicated survey undertaken especially for this report. This was conducted during March and April of 2024 amongst a perpetually refreshed and consolidated database of 3,000 corporate buyers, serviced apartment operators and agents.

The survey's findings were then presented to, and discussed with leading corporate buyers, agents, and operators in a series of one-to-one interviews conducted in April and May 2024.

Although the questions posed in this year's survey have been updated to reflect current market trends, comparisons with previous years have been included to highlight trends where appropriate.

For this edition, we have focused on primary sources, with secondary sources kept to a minimum. Where secondary sources are used, information sources are fully attributed.

Credit: Oasis Private Collection

EDITORIAL TEAM

Joanna Cross
Chief Operating Officer, Ariosi

Joanna's journey in the hospitality sector began at the Four Seasons Hotel in Sydney in 2001. In 2005, she moved to London and joined the team at COMO Metropolitan Hotel. Her interest shifted to serviced apartments in 2006 when she joined SilverDoor. Transitioning to the operational side of the sector in 2015, Joanna gained experience at both Supercity Aparthotels and Clarendon Apartments over the course of several years. In 2022, she rejoined Habicus Group and later in November of the same year, launched Ariosi Group Limited, a specialist serviced apartment consultancy.

Mark Harris
Contributing Editor

Mark joined the business travel industry in 1990, has been a Director of Travel Intelligence Network since 2005 and originated GSAIR. He was voted the business travel industry's Personality of the Year in 2006 and has notched up four Business Travel Journalism Awards. TIN's output includes over a million words in reports, white papers and blogs, co-creation of the Serviced Apartment Awards and hosting many others. After lunch, he is chairman of the PitchingIn Northern Premier League and an FA councillor.

Shani Clarke
Client Manager, Ariosi

Shani began her journey in the serviced apartment industry in 2013 with SilverDoor, joining their Account Management team. Working from the ground up, she quickly learnt about the extended stay and corporate housing industry advancing her to the position of Account Manager where she led a team catering to global mobility and travel management clients. Her career progressed as Sales Manager at the London-based property operator Cycas Hospitality. Now, with over a decade of experience, Shani is Client Manager at Ariosi Group Limited, utilising her diverse expertise to support all areas of the business.

Alice Bazzi
Marketing Manager, Ariosi

Although new to the serviced apartment industry, Alice holds substantial experience in marketing and content strategy. Having recently finished her Diploma in Professional Marketing with The Chartered Institute of Marketing, she has developed marketing and content strategies in the Tech and Publishing industries, showing a strong interest in start-ups. Alice now oversees all marketing and content aspects at Ariosi, drawing on her extensive experience to drive projects forward.

Alison Willis
GSAIR Project Manager, Ariosi

Alison began her career in the industry 22 years ago as a placement student with Holiday Inn. Her journey has since included working in all elements of the business travel and meetings industry. Including hotels, venues, and agencies. Alison also led the partner relationships team at SilverDoor from 2016-2018. Most recently Alison was a Senior Client Programme Manager for SilverDoor, managing a portfolio of global clients and their business travel and mobility programmes. In 2024 she brought her wealth of industry knowledge and long-standing corporate relationships to GSAIR.

ACKNOWLEDGMENTS

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Special thanks to our guest writers: **Catherine Chetwynd**, **Fiona Murchie**, **George Sell**, and **Jack Ramsey**.

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GLOSSARY OF TERMS

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

ADR:	Average Daily Rate.
Agent:	Used more generally to describe an intermediary, either individual or company, booking travel or accommodation on behalf of another party.
AI:	Artificial Intelligence.
APAC:	Asia-Pacific.
Aparthotel:	Fully furnished and equipped apartments, which include hotel services such as manned reception and cleaning. Typically used for shorter stays and suitable for business and leisure use.
API:	Application Programming Interface.
ASAP:	Association of Serviced Apartment Providers.
Assignment working:	A short or long term stay, undertaken to perform a specific task or project based trip. Stays can last between 30 days and three years and are temporary, whereas Relocation (see below), is permanent. Assignment workers are often referred to as assignees.
Business travel:	Journey specifically taken for work purposes, usually but not always up to seven days. Business travel excludes daily commuting, leisure trips or holidays.
CHPA:	Corporate Housing Providers Association.
Co-living:	Co-living refers to accommodation where multiple unrelated people can live together. Units usually contain large communal spaces as well as private bedrooms. Developments often feature social areas and programmes designed to foster a sense of community.
Corporate housing:	Residential apartments, packaged up to include servicing and bills, typically bookable for a minimum of 30 nights, either let and maintained by the operator on an ongoing basis or 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 U.S. to describe serviced apartments.
CRM:	Customer Relationship Management.
DE&I:	Diversity, Equity, and Inclusion (also referred to as EDI).
DSP:	Destination Service Provider.
EMEA	Europe, the Middle East, and Africa.
ESG:	Environmental, Social, and Governance.

F&B:	Food and Beverage.
FTSE:	Financial Times Stock Exchange.
GDPR:	General Data Protection Regulation.
GDS:	Global Distribution System (e.g. Amadeus, Travelport, Sabre).
Gen Z:	Generation reaching adulthood in the second decade of the 21st century.
GHG:	Greenhouse gas.
GSAIR:	Global Serviced Apartment Industry Report.
Homestay:	Generic term for products like Airbnb, or home rental.
ITM:	Institute of Travel Management.
LOS:	Length Of Stay.
M&A:	Merger and Acquisition.
NDC:	New Distribution Capability.
OBT:	Online Booking Tool.
Occupancy:	Percentage of occupied bedrooms / apartments during a set period.
OTA:	Online Travel Agent (e.g. Expedia, Booking.com).
PMS:	Property Management System.
QR:	Quick Response (commonly referred to as QR code).
Relocation:	Relocation (also referred to as Relo), involves permanently moving an employee, and family, to another city or country.
RevPAR:	Revenue Per Available Room.
RFP:	Request For Proposal.
RMC:	A Relocation Management Company provides outsourced relocation logistics management for organisations of different sizes and needs.
ROI:	Return On Investment.
Serviced living:	Generic term to describe the expanding number of emerging extended stay concepts. Fully furnished accommodation including kitchen facilities, with some private and communal spaces.
TMC:	A Travel Management Company manages the business travel requirements of an individual or organisation, in line with their corporate travel policies, where relevant.

WELCOME AND INTRODUCTION

By Joanna Cross
Chief Operating Officer, Ariosi

Welcome to the 11th edition of the Global Serviced Apartment Industry Report.

Celebrating the 11th edition

I'm delighted to be sharing the 11th edition of the Global Serviced Apartment Industry Report with you – fondly referred to by many as GSAIR. In 2023 we made some format changes that allowed us to deliver GSAIR in four chunks across the calendar year: Survey & Results, and three regional reports covering EMEA, Americas, and APAC. We've retained the same format in 2024 and are thrilled the new regime has been so warmly embraced by so many of our readership and contributors.

16 years and still going strong

It's been 16 years since the first publication of GSAIR – and Mark Harris of Travel Intelligence Network has worked on and contributed to all editions since 2008. Mark originated the publication alongside Charlie McCrow, of what was then The Apartment Service. Anyone who has contributed to GSAIR across the years will likely have been expertly interviewed by Mark, and it's fair to say his enthusiasm and commitment to GSAIR hasn't waned one bit. Thank you, Mark, for working with us to bring GSAIR together each year, we appreciate your drive and dedication.

Annual amalgamation

At Ariosi, we survey over 3,000 corporate buyers, agents, intermediaries, and operators of serviced apartments to bring you this annual amalgamation of survey results, data analysis, expert industry commentary and opinion. In doing so, we provide a global perspective on serviced apartments, corporate housing, and temporary living – whilst the terminology might differ regionally, the insights are real, current, tangible and we hope you find them to be of value personally and in your organisation.

Collaborative contribution

We've gathered some of the finest industry voices to be interviewed, form focus groups, sit on mini discussion panels, and even be peppered with hot seat style Q&A – we hope you enjoy the takeaways of these excellent collaborative contributions. We're proud to engage and partner with such a diverse and expert group of professionals to deliver content filled with valuable insights.

Get to know Ariosi

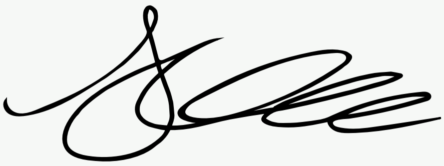
We're specialist serviced apartment consultants and the home or OrbiRelo and GSAIR (hopefully the latter is clear, given you're reading this in the 11th publication of the same). We work with anyone who touches or is interested in serviced apartments – actual or aspirational operators, agents, intermediaries, buyers, investors, and developers. At Ariosi, we aspire to be the place you come to access accurate and up to the minute insights, advice, support, and training resources. Our aspirations are becoming a reality - thank you to our clients that have and are making this possible, allowing us to curate and deliver tangible products and services back into your business.

A sincere thank you

GSAIR wouldn't be possible without significant contributions from so many of you. It's my 3rd year of all things GSAIR and each year I'm bowled over by the enthusiasm of all who get involved – I'm always humbled by the time you give to us, particularly as we're all perpetually squeezed and with many business priorities to juggle. Thank you to our sponsors, advertisers, varied contributors, and supporters, your unwavering commitment continues to make GSAIR possible.

Enjoy, and best wishes for the year ahead

I hope you enjoy our latest GSAIR instalment and best wishes for 2024 and beyond. With that, I'll let you delve into the results and supporting commentary and may it serve as a catalyst for further collaboration, innovation, and growth within our industry.



TOP 10 TRENDS

DRIVING THE SERVICED APARTMENT INDUSTRY IN 2024[1]

The macro trends that will be driving the industry in the year ahead; from hotels creating new extended stay brands, to connectivity, disintermediation and why ESG just got serious.


Credit: edyn

1. Corporate demand has levelled off following the spike that peaked in 2022 and tailed off in 2023; post-pandemic travel programme reviews, growing corporate commitment to sustainability and the adoption of purposeful travel, resulting in fewer, but longer stays. 2024 should be seen as the new normal.

2. Whilst many business travellers and assignees are still working remotely, there has been a gradual increase in the return to office-based work in some sectors, with companies now requiring employees to be in the office at least three days a week. The impact of which is rising hotel rates, especially in London. Workstations are now a mandatory element of corporate RFPs.

3. During the pandemic, companies showed that projects could be completed without travel, let alone relocation. The relocation market has been becalmed by economic and geo-political factors, so apartment operators are looking to other source markets including blended trips and group travel associated with film, music, and sport.

4. Although progress amongst operators is generally slow, ESG is no longer a box-ticking exercise. As well as Gen Z travellers, travel and mobility managers now require providers to evidence their Environmental, Social and Governance credentials in most RFPs. The brands have cottoned onto this, but smaller operators risk being left behind.

5. Buyers want technology to provide more choice, slicker and simpler booking processes, and a better user experience. They remain frustrated by TMCs reliance on legacy GDS technology, despite the opportunities provided by API direct connects and AI. The problems start with the more emotive longer stays which demand human interaction.

6. A combination of interest rates, rising building costs and increased regulation in major European and international cities has hit developers' margins hard, dis-incentivising new builds. With everyone fishing in the same pond, those who can think outside the box will be the ones to clean up.

7. Hotel chains are reacting to fragmentation of the extended stay sector by launching their own extended stay brands, with built in GDS connectivity, either in dedicated buildings or as dedicated floors within their hotels. They have the economies of scale, but cannot realistically compete with the smaller, more agile players.

8. The competitive advantage enjoyed by serviced apartments post-pandemic has been eroded by hotels. Radical collaboration between operators, especially around distribution technology, sharing data and common data platforms is required, to prevent market share being lost.

9. Disintermediation (direct selling to corporates) has been accelerated in the air and hotel sectors by NDC (New Distribution Capability.) If TMCs and RMCs do not expand their inventory and bookability, expect suppliers to ramp up their direct sales too. It won't be long before TMCs start buying serviced apartment specialist agents, or vice versa.

10. The serviced apartment industry is still struggling to attract talent, which is impacting the user experience and could contribute towards consolidation between brands, intermediaries, and technology providers. Unless operators are able to put hospitality at the heart of their offerings, hotels will take full advantage.

[1] Based on 1-2-1 interviews with 30 corporate buyers, intermediaries, and operators April-May 2024.

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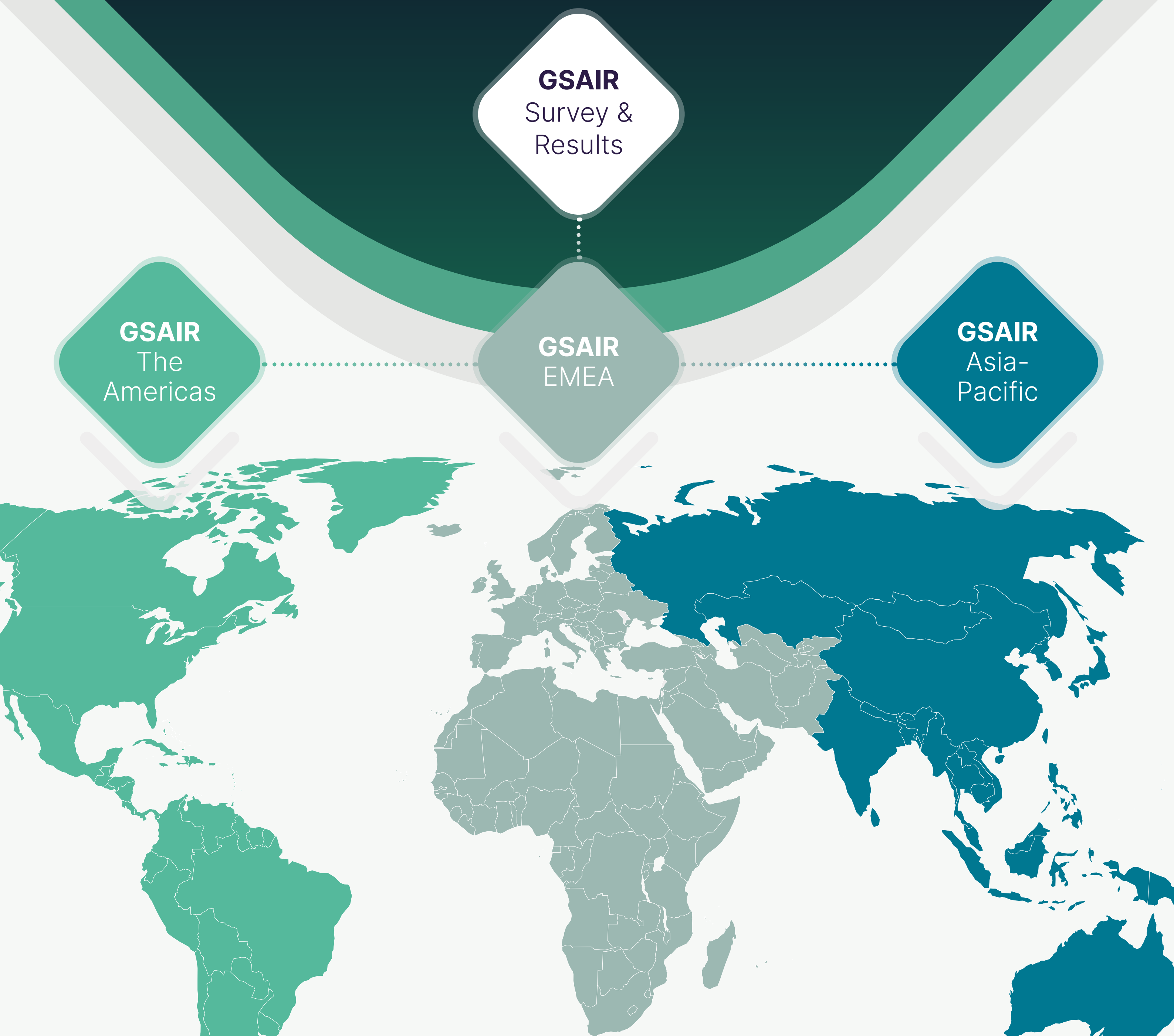


GSAIR SURVEY
AND RESULTS ANALYSIS[2]

By Mark Harris
Contributing Editor

2024 figures and charts with supporting commentary provided by Mark Harris.

A bespoke survey of travel and mobility managers, agents, relocation and travel management companies, and serviced apartment and corporate housing operators has been at the core of the Global Serviced Apartment Industry Report ever since our first edition, way back in 2008.

Each year we survey around 3,000 people across these categories, with respondents completing either our Buyers, Agents[3], or Operators survey. Some questions are common to two or all three surveys; others are specific to one.

We usually vary some of the questions posed, so that the survey remains fresh and relevant. That's why, in this article, year-on-year comparisons are provided in some cases, and not in others.

Credit: The Gate

[2] Survey conducted March-April 2024

[3] 36.36% of agent respondents were Destination Service Providers, compared to RMCs (31.82%); specialist serviced apartment agents (13.64%) and TMCs (9.09%.) This is broadly comparable to 2023 agent survey respondents.

SERVICED APARTMENT VOLUMES

Corporate usage of serviced apartments is down year-on-year. 62.5% of buyers are using serviced apartments for business travel, down by 11.18% from 73.68% in 2023.

Usage for assignment or project working shows an increase on 2023. 62.5% of corporates are also using serviced apartments for this purpose in 2024, compared to 57.89% a year earlier.

Usage for relocation is also down year-on-year, with 56.25% of corporates using apartments for this purpose, compared to 73.68% in 2023.

Although usage in two out of three purpose categories is down, usage for business travel is falling in fewer companies (9.09%) this year than the same time a year ago (13.33%).

However, the same is not true of assignments or relocation. Apartment usage for assignment work has fallen in 15.38% of companies in 2024, compared to 7.69% in 2023. Usage for relocation has fallen in 27.27% for corporates compared to 16.67% a year ago.

Agents report that 42.86% of their clients are using serviced apartments more for business travel, although this is also down year-on-year from 55% in 2023. Usage for assignment/project working is down amongst 30% of agents' clients compared to 63.64% a year earlier, whilst usage for relocation is also down, but marginally at 40% of agents' clients compared to 43.48% in 2023.

Operators say they have seen the highest growth in business travel and leisure bookings equally (24.62%), followed by assignment/project working. Operators say their overall relocation business has shown the least growth at 16.92%.

Fig. 1 Corporate serviced apartment usage 2024 vs. 2023

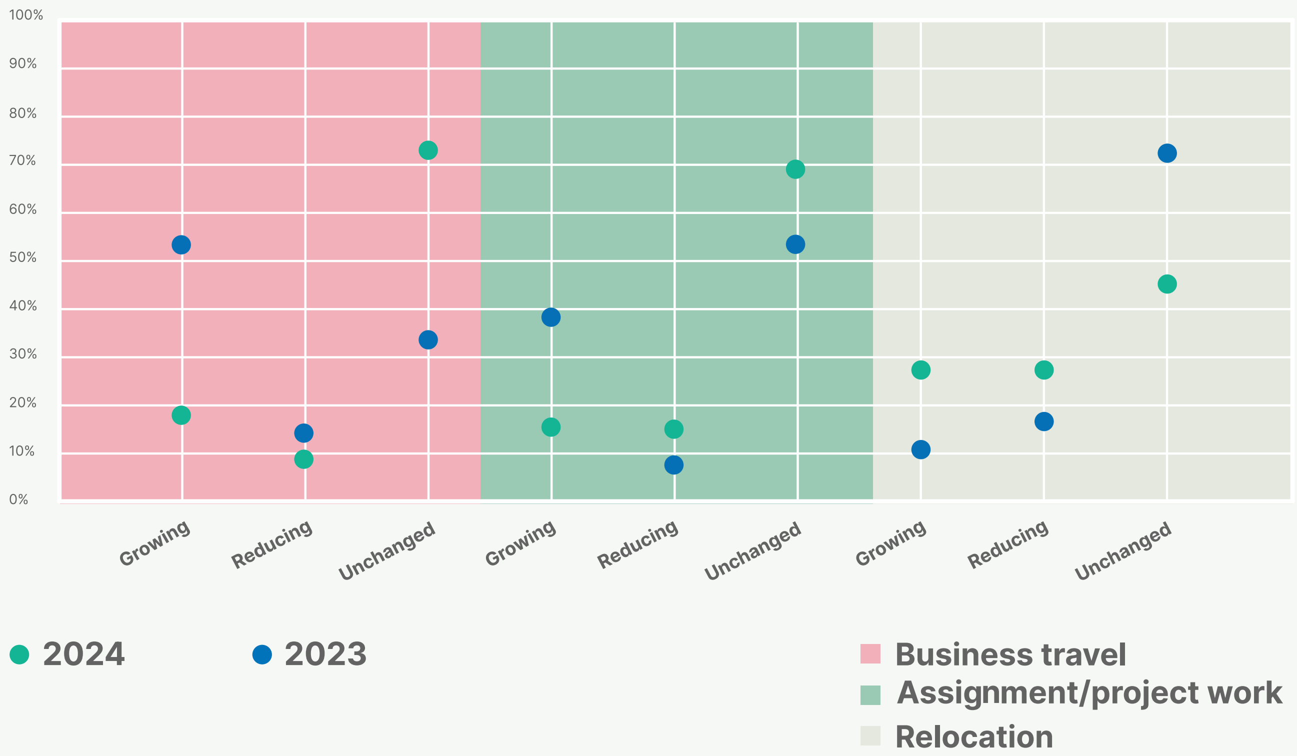


Fig. 2 Why corporates use serviced apartments 2024 vs. 2023

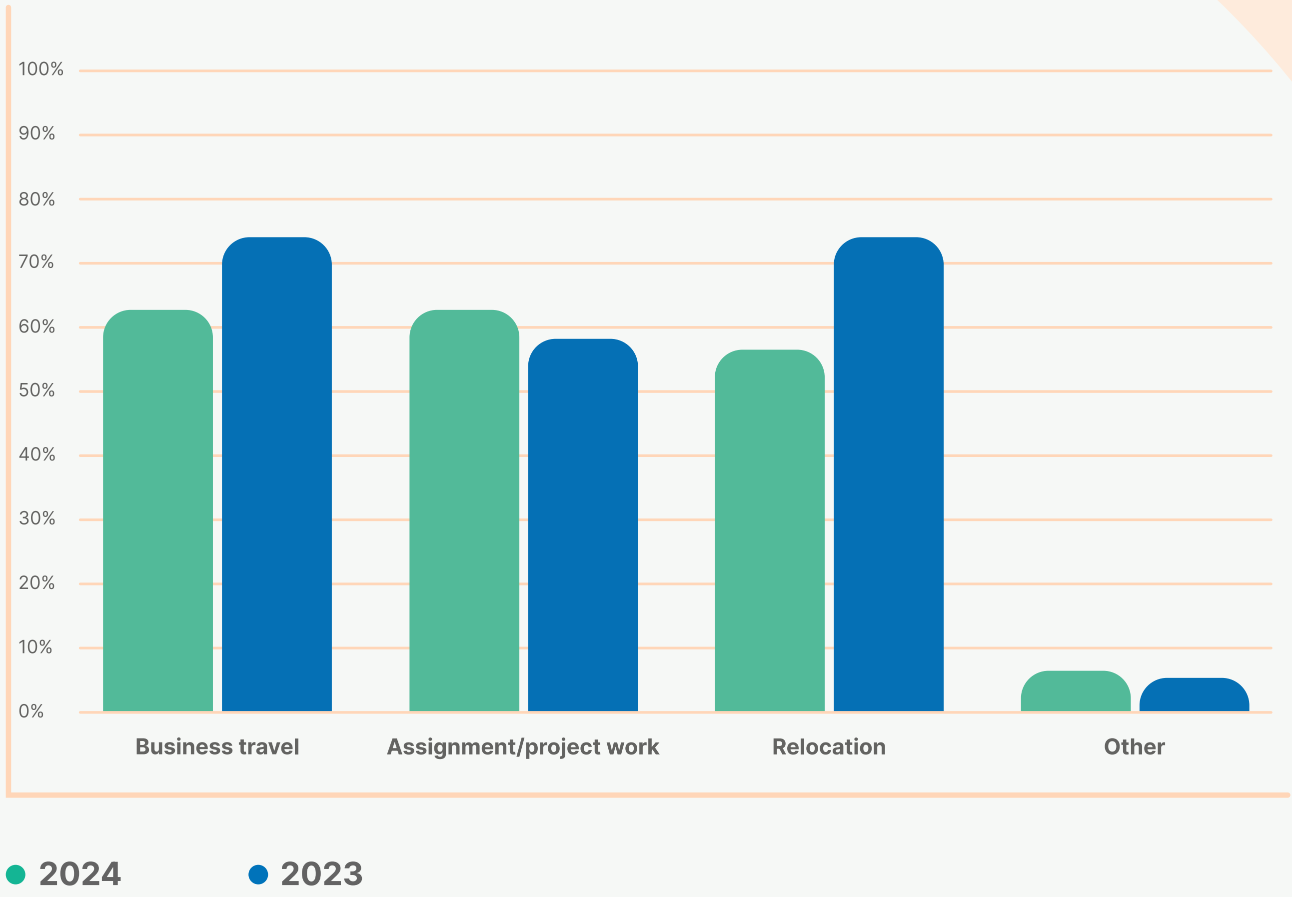


Fig. 3 Agents' clients corporate serviced apartment usage 2024 vs. 2023

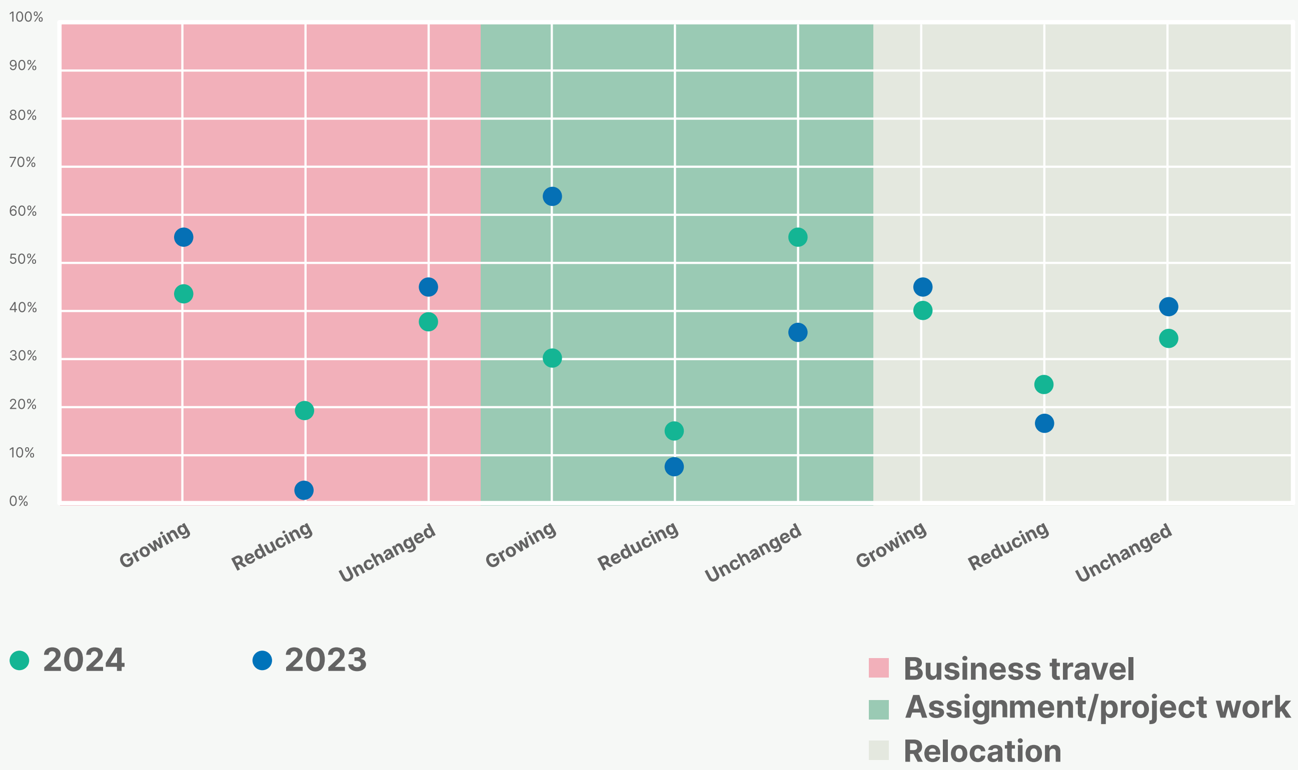
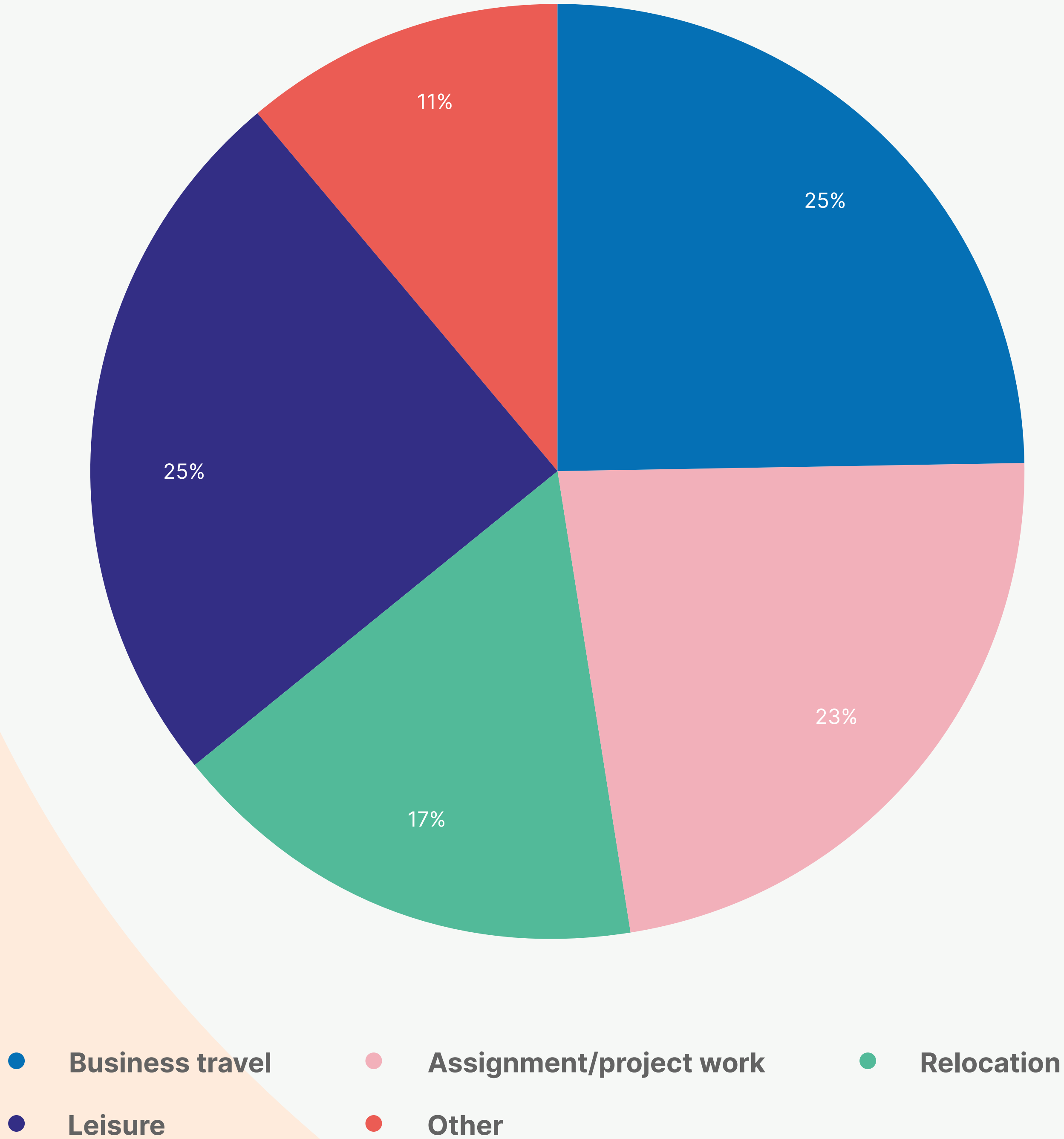


Fig. 4 Operators' biggest growth market by segment 2024



LENGTH OF STAY AND RATES

Looking to the year ahead, 80% of buyers say their average length of stay is unlikely to change. This is a big turnaround from 44.44% who made the same prediction in 2023. The remaining 20% predict their average length of stay will be longer, also at 44.44% in 2023.

68.16% of agents say their clients' length of stay averages 30+ nights, compared to 87.1% in 2023. 18.18% of agents report an average 45+ nights length of stay.

75% of buyers say their serviced apartment costs have risen compared to 2023; 12.5% say they have stayed unchanged. Unsurprisingly, none report that rates have fallen.

Fig. 5 Corporates' predicted average length of stay 2024 vs. 2023

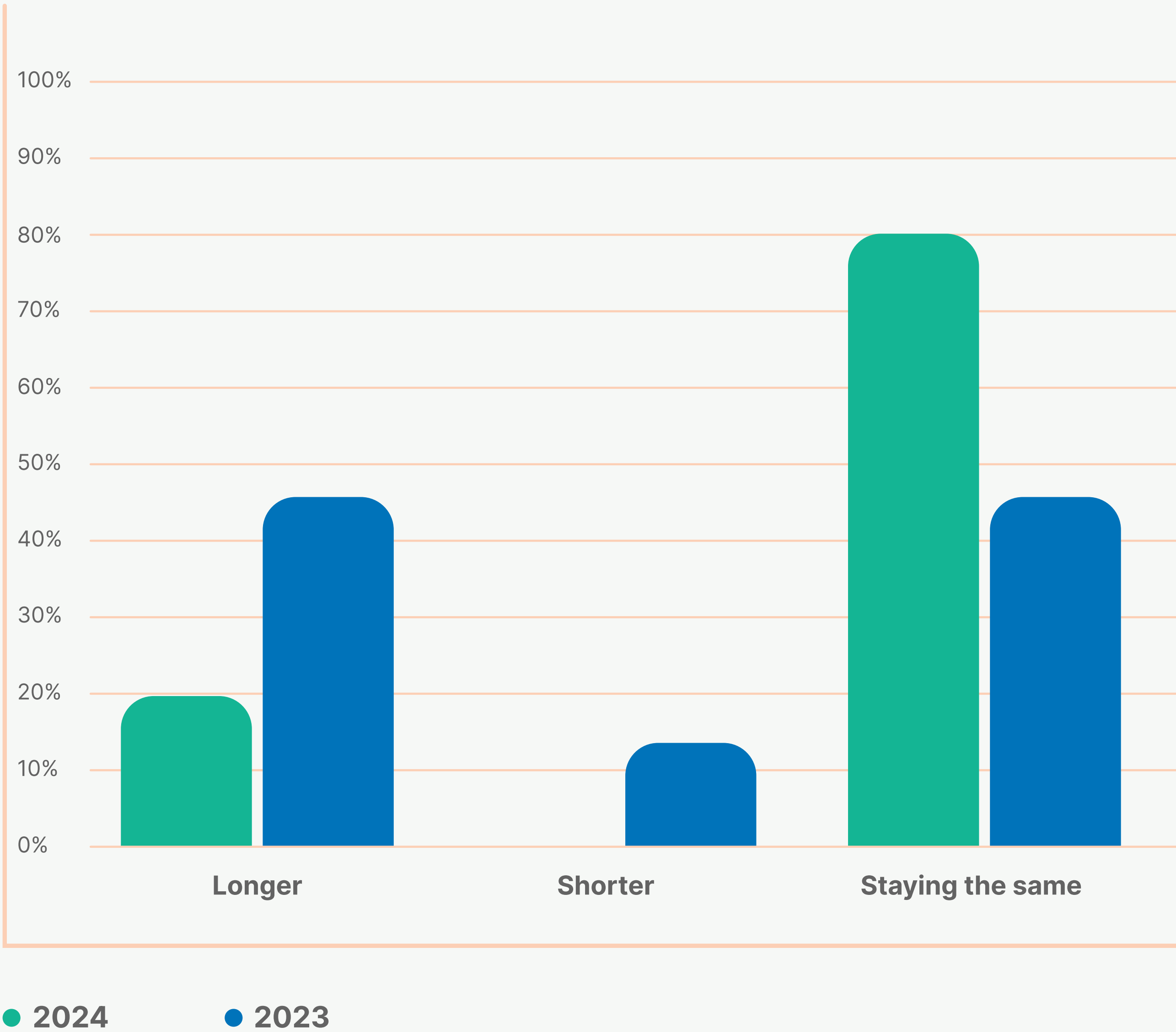
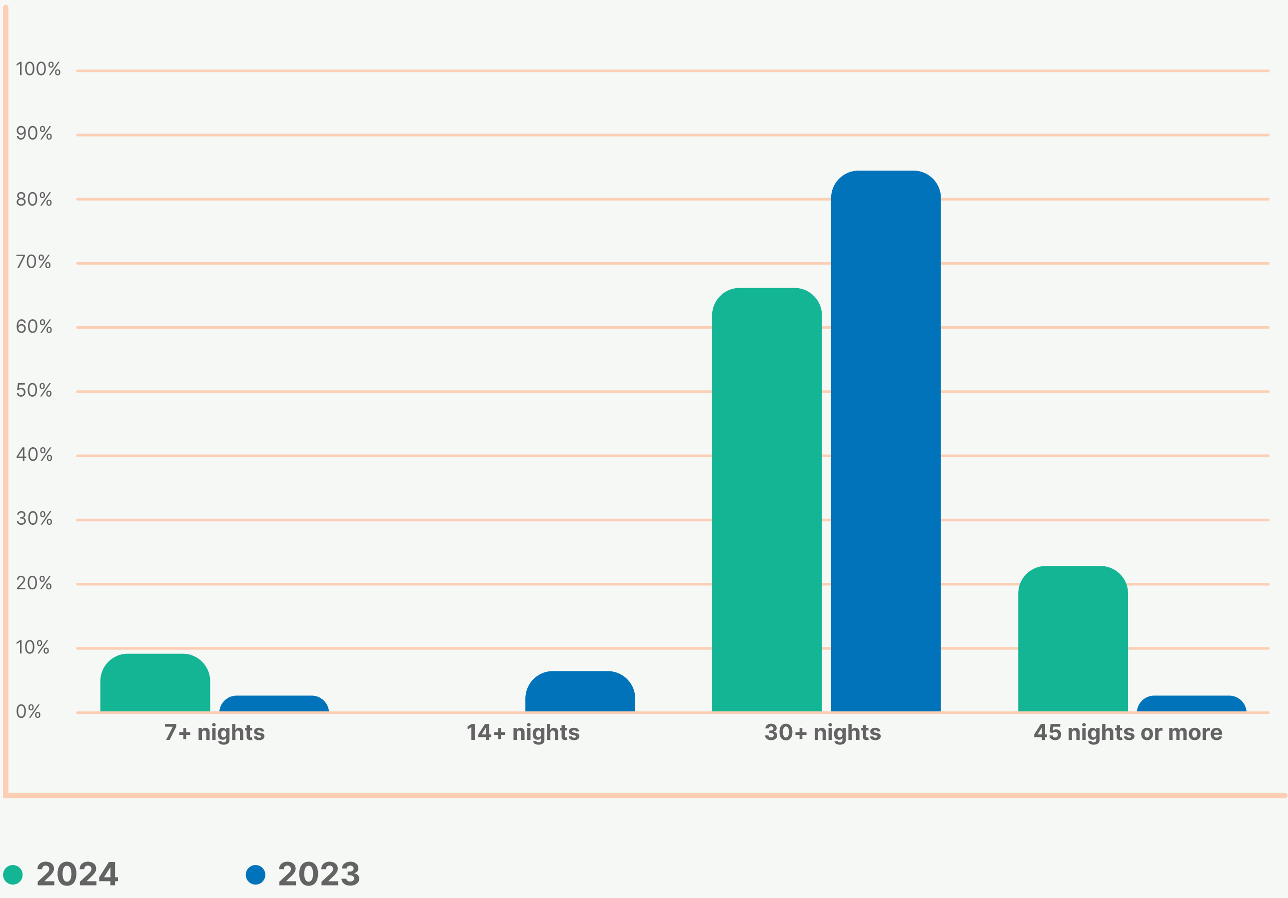


Fig. 6 Agents' clients average length of stay 2024 vs. 2023



USAGE TRENDS

Growth in the usage of serviced apartments for each trip purpose is slowing. Only 18.18% of buyers say their usage for business travel is growing, compared to 53.33% in 2023. Usage for assignment/project working is growing in 15.38% of companies, compared to 38.46% in 2023.

The biggest source market for growth is relocation, with 27.27% of companies reporting their use of serviced apartments for this reason is growing, compared to 11.11% in 2023.

The growth of Airbnb and other Homestay product adoption has slowed, but still outstrips the adoption of co-living products. Early adopters report limited growth year-on-year. 18.75% of companies say their use of Homestay products has not grown. In 2023, 50% of buyers were using Airbnb type products with 62.5% considering using.

Growth in the adoption by corporates of co-living has virtually stalled. Despite 50% of buyers reporting they were already using co-living in 2023, figures in 2024 show that usage also remains unchanged in 18.75% of companies and is growing in just 6.25% of companies. 75% buyers say they do not use co-living products.

Agents say their clients' usage of Airbnb is unchanged in 31.82% of cases but growing in 22.73%. Similarly, usage of co-living is growing in 9.09% of their clients' companies, and is unchanged in 27.27%.

Fig. 7 Corporates' usage of Homestay and Co-living products 2024

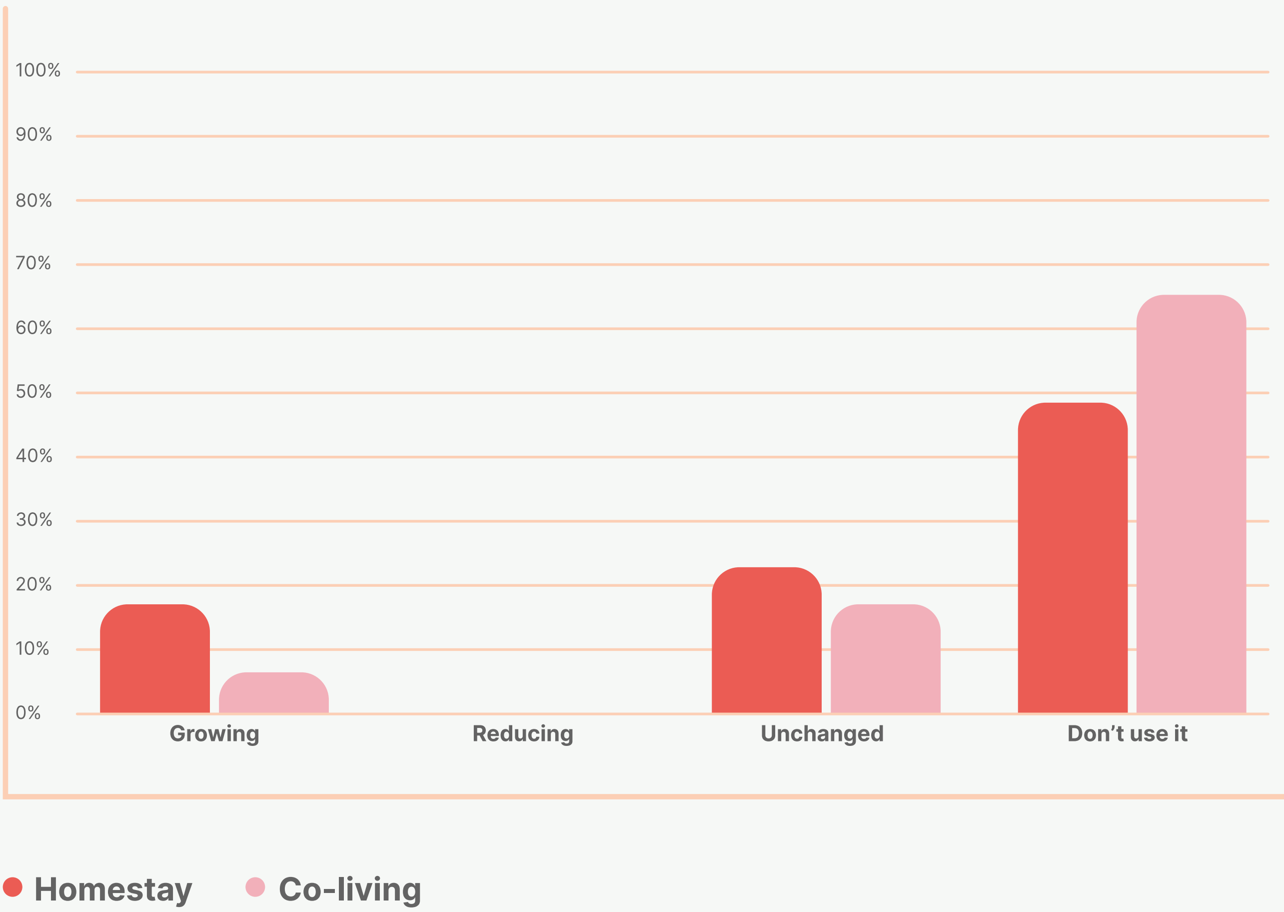
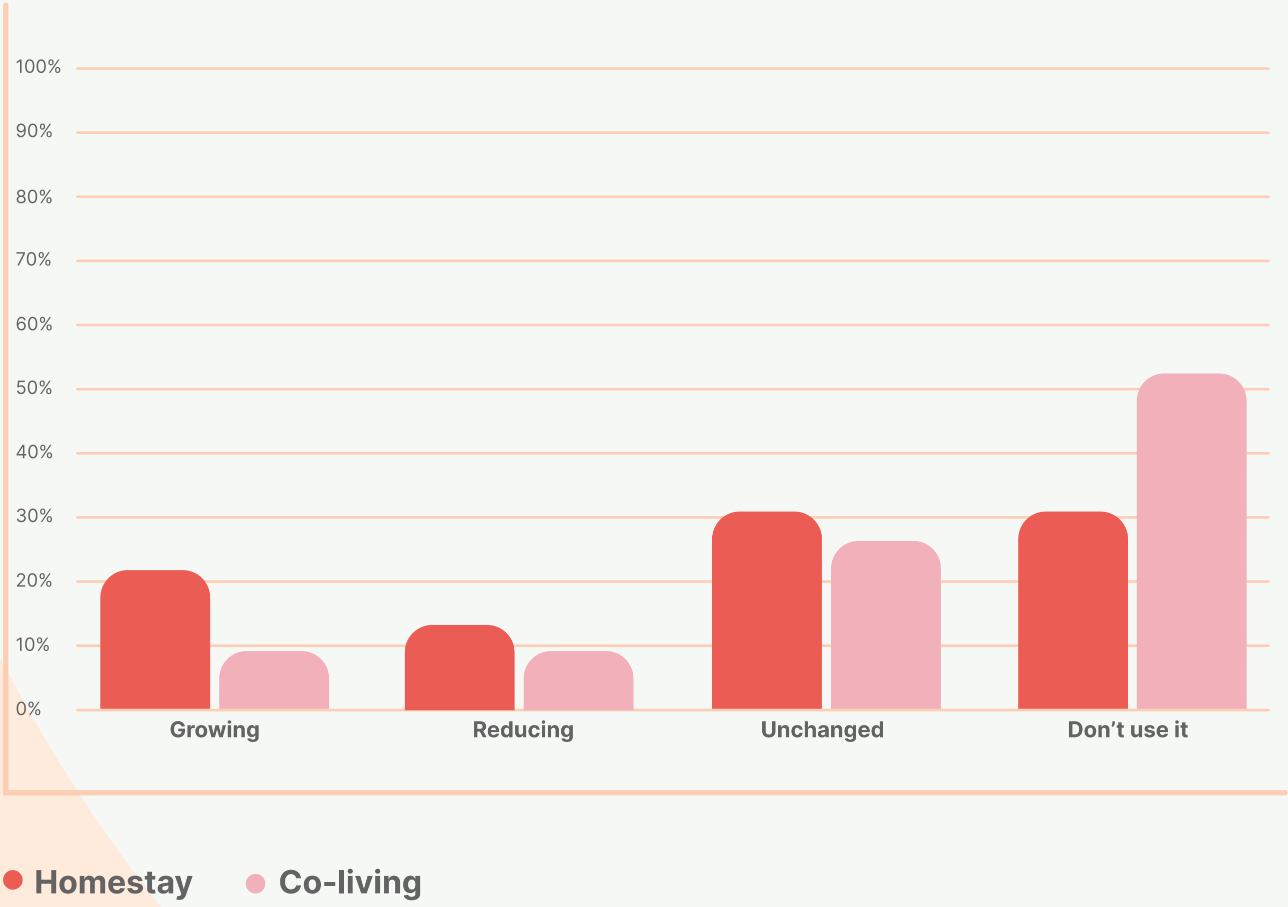


Fig. 8 Agents' clients usage of Homestay and Co-living products 2024



WHY SERVICED APARTMENTS (AND WHY NOT)?

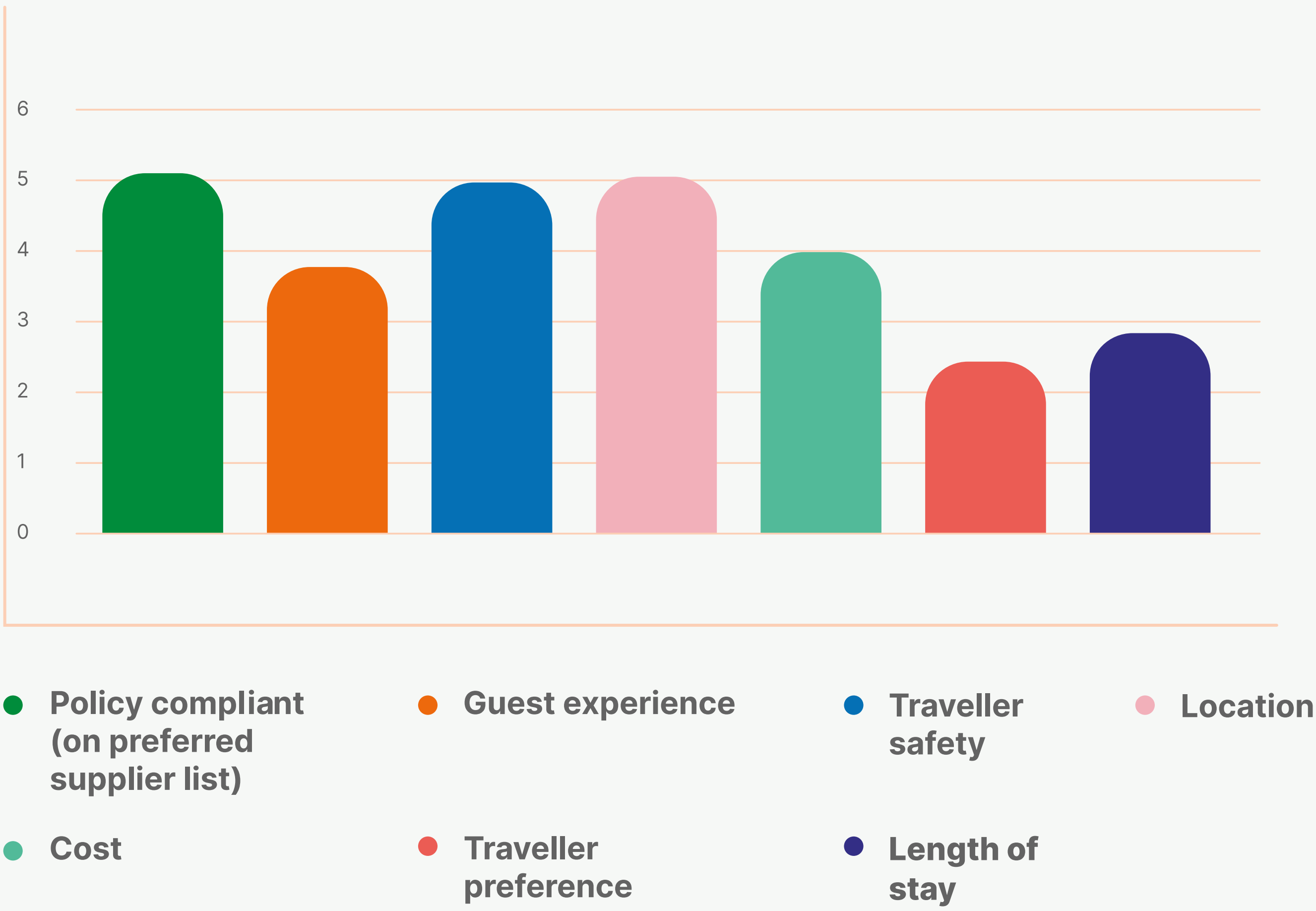
When choosing a serviced apartment over any other accommodation product, the most important factor for travel and mobility buyers is policy compliance, followed by location and traveller safety. In 2023, the top three factors were traveller safety (#1), location (#2) and cost (#3).

By contrast, agents cite location (#1), cost (#2) and traveller safety (#3) as their clients' most important selection criteria.

AI is not yet having any impact on buyers' programmes, but buyers cite a wider choice, content, and pricing options as hoped-for future impacts. Agents are also undecided about the future impact AI will have on managed travel programmes.

The top barriers to greater usage of serviced apartments for both buyers and agents in 2024 are cost, followed by location (i.e. sourcing apartments in the locations they need) and technology, specifically the lack of online availability.

Fig. 9 Corporates' decision making criteria when choosing a serviced apartment 2024



SOURCING

More buyers are booking serviced apartments through TMCs, and specialist serviced apartment agents than a year ago.

62.5% of corporates now book apartments via a TMC compared to 31.25% in 2023. 37.5% of corporate buyers use a specialist serviced apartment agent, compared to 50% in 2023. 12.5% now book via a bespoke enquiry portal, compared to 0% in 2023. The proportion booking directly with properties remains unchanged at 12.5%.

Amongst agents, 72.73% of serviced apartment bookings are still made manually, direct with the property, compared to 40% in 2023. 54.55% of intermediaries source serviced apartments via a specialist serviced apartment agent, compared to 66.67% in 2023.

Operators' top 3 sources of business by booking channel are OTAs (#1); direct from the (corporate) client (#2) and via a specialist serviced apartment agency (#3).

45.45% of intermediaries now regard serviced apartments as a core part of their offering, compared to 61.29% in 2023. 40.91% offer serviced apartments as an ancillary service compared to 41.94% in 2023. 18.18% only offer serviced apartments within an overall hotel offering, compared to 6.45% in 2023.

The top 3 cities in which buyers expect to see the biggest growth in the next twelve months are London (#1), Tokyo (#2) and Singapore (#3). The top 3 cities in which buyers struggle to find supply of an acceptable standard are London (#1), New York (#2) and Bengaluru (Bangalore) in third.

Fig. 10 How corporates book serviced apartments 2024 vs. 2023

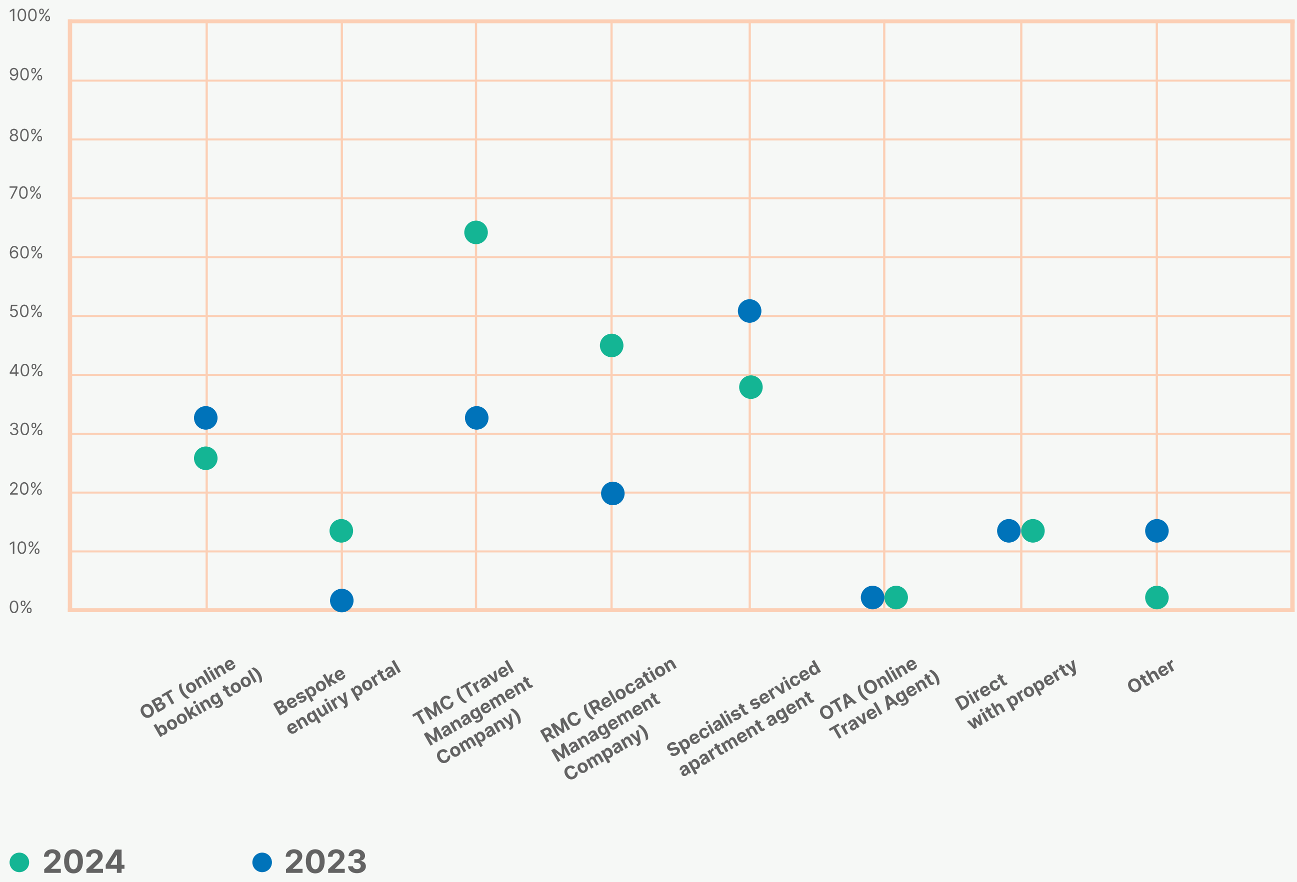


Fig. 11 How agents source serviced apartments 2024

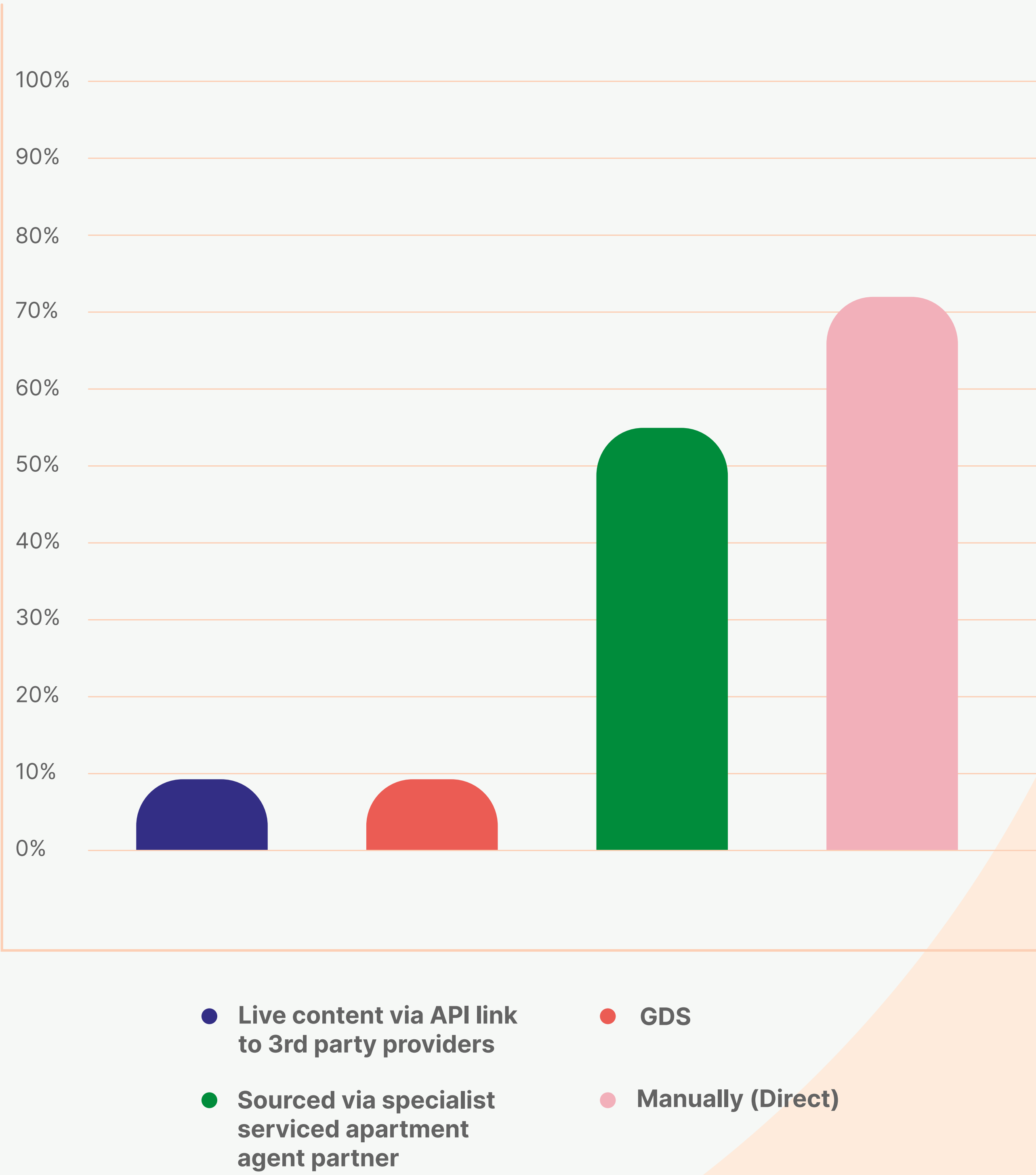
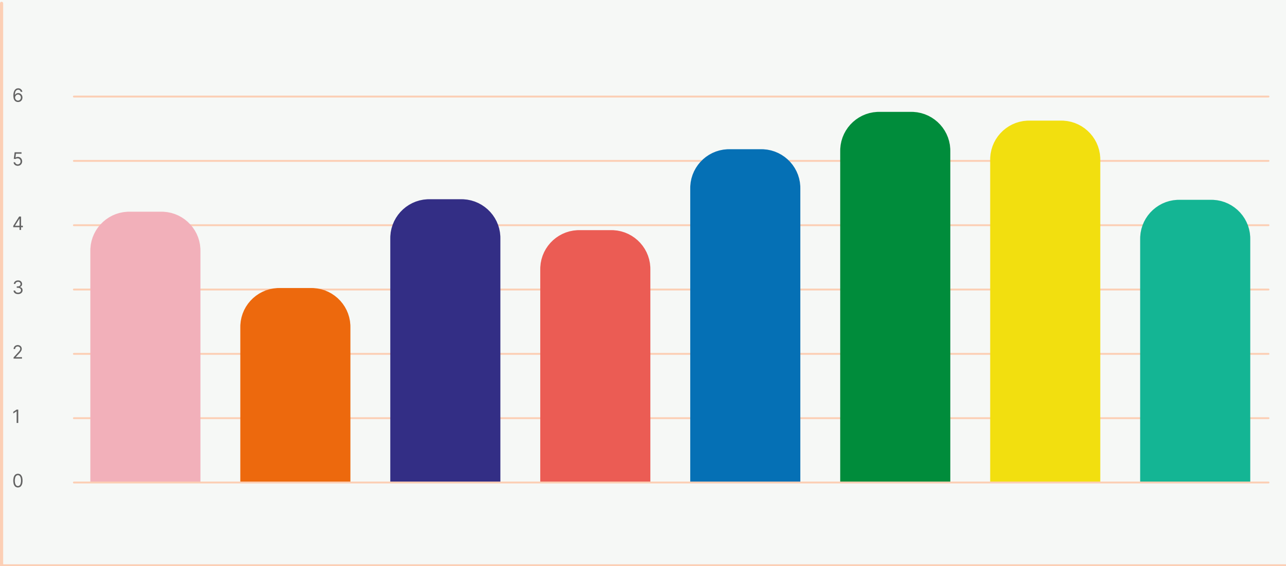
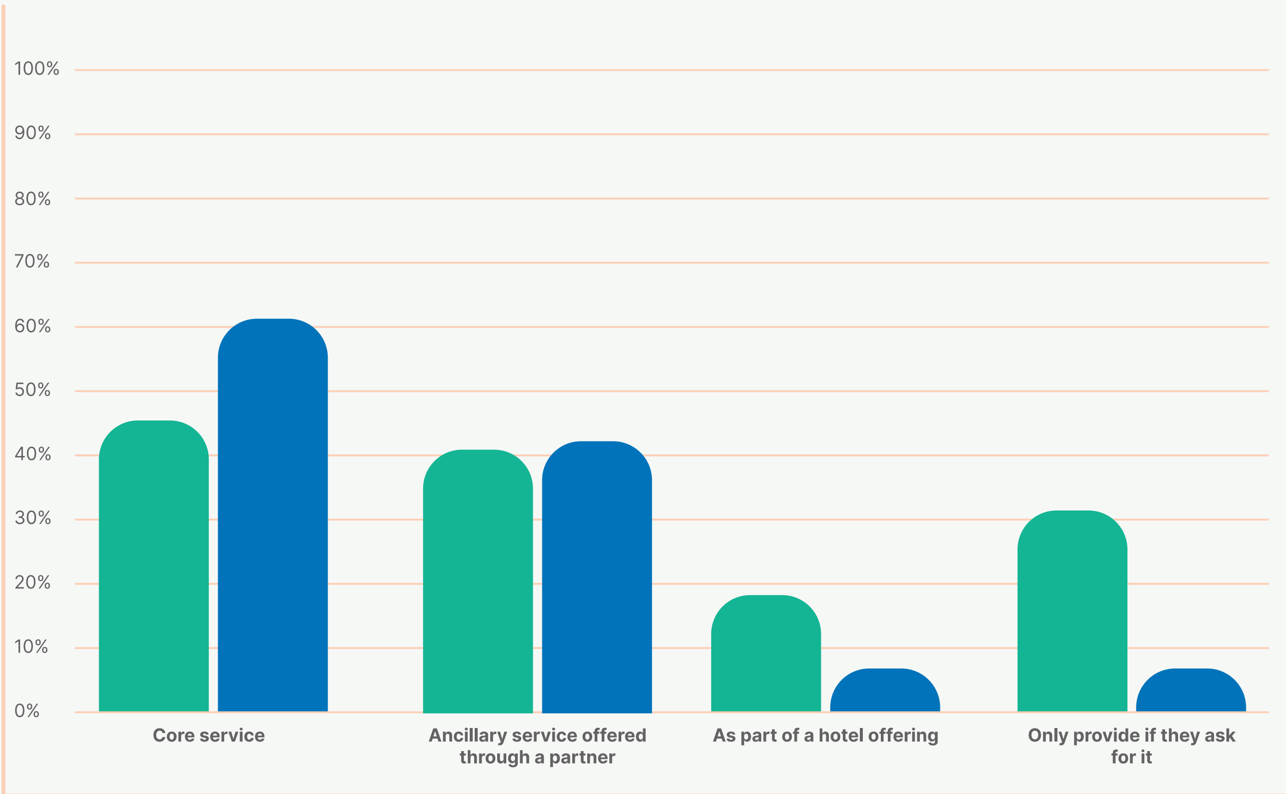


Fig. 12 Operators' source channels by booking volume 2024



- OBT (Online Booking Tool)
- Bespoke enquiry portal
- TMC (Travel Management Company)
- RMC (Relocation Management Company)
- Specialist serviced apartment agent
- OTA (Online Travel Agent)
- Direct from client (email or phone)
- Direct from your website

Fig. 13 How do agents present serviced apartments 2024 vs. 2023



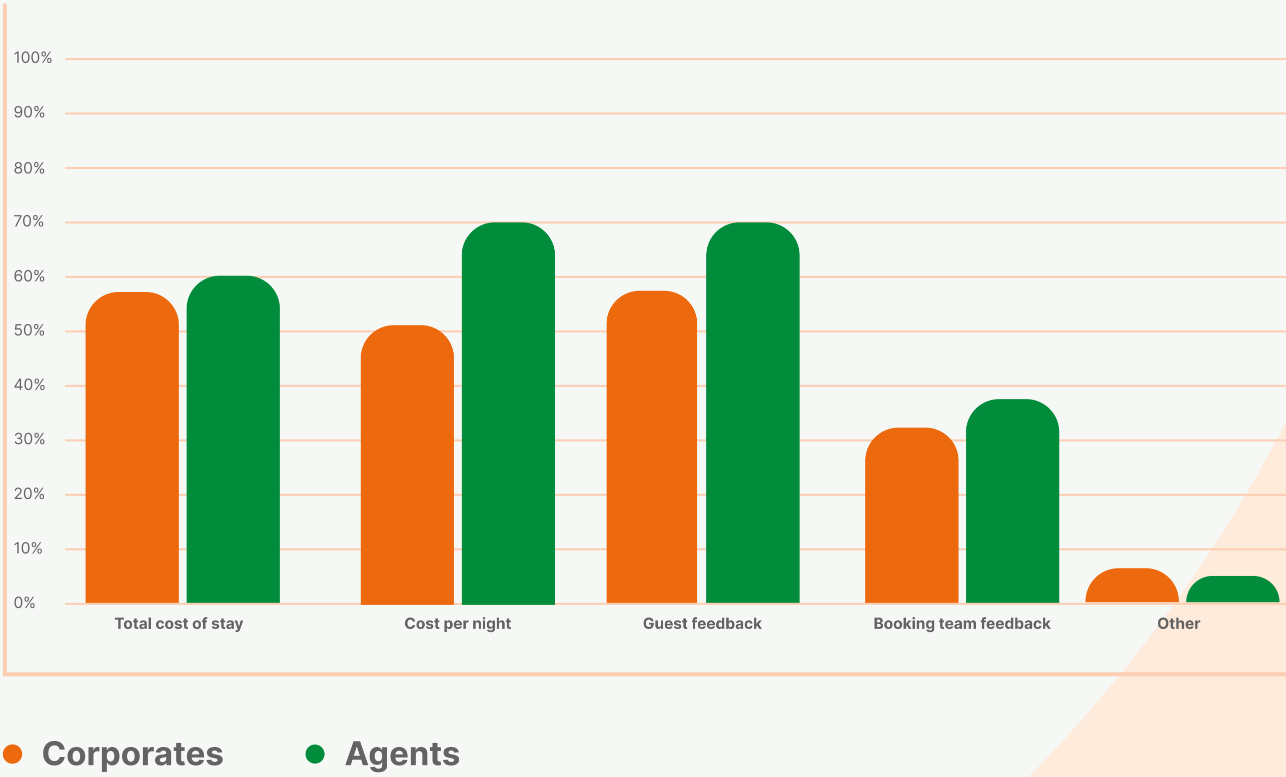
- 2024
- 2023

PROGRAMME PERFORMANCE METRICS

56.25% of corporate buyers use total cost of stay to measure success in their serviced apartment programmes, followed by accommodation cost per night (50%) and booking/procurement team feedback (31.25%).

Agents say their clients measure success based upon accommodation cost per night (#1), guest feedback (#2) with total cost of stay in third.

Fig. 14 How corporates and agents measure serviced apartment programme success 2024



SUSTAINABILITY

53.33% of companies now require serviced apartment providers to evidence their sustainability credentials in all RFPs. This is a significant increase on 35.71% in 2023.

33.33% require the same evidence in some RFPs, down from 50% in 2023, whilst just 13.33% don't require any such proof, virtually unchanged from 14.29% a year ago.

Agents say 45.45% of their clients require evidence in all RFPs and the same figure require evidence in some. 12.5% of operators say all RFPs and 50% of some RFPs they have received in the last twelve months have required evidence of their sustainability initiatives.

43.75% of corporate buyers say their organisations have calculated their Scope 3 emissions, almost twice 2023's figure of the 21.43%. 25% of buyer organisations have calculated their Scope 2 emissions, a three-fold increase on 2023's 7.14%.

Just under a third (31.25%) of buyer organisations have not calculated their greenhouse gas emissions to any degree. In 2023, 64.29% stated this to be the case, highlighting the progress made in just twelve months.

Amongst agents, 33.33% say their organisations have calculated Scope 1 emissions; 28.57% have calculated Scope 2 and 19.05% have calculated Scope 3 emissions.

Only 4.69% of operators say they have calculated Scope 3 emissions, compared to 13.79% in 2023. 9.38% say they have calculated Scope 2 emissions, compared to 15.52% in 2023. 21.88% of operators say they have calculated Scope 1 emissions, which compares to 22.41% in 2023.

However, the bulk of serviced apartment operators have made no progress at all. In 2023, 68.10% had not yet calculated their GHG emissions. Twelve months on, in 2024, 64.06% of operators still have not calculated their emissions.

Fig. 15 Proportion of RFPs requiring evidence of providers' sustainability credentials 2024

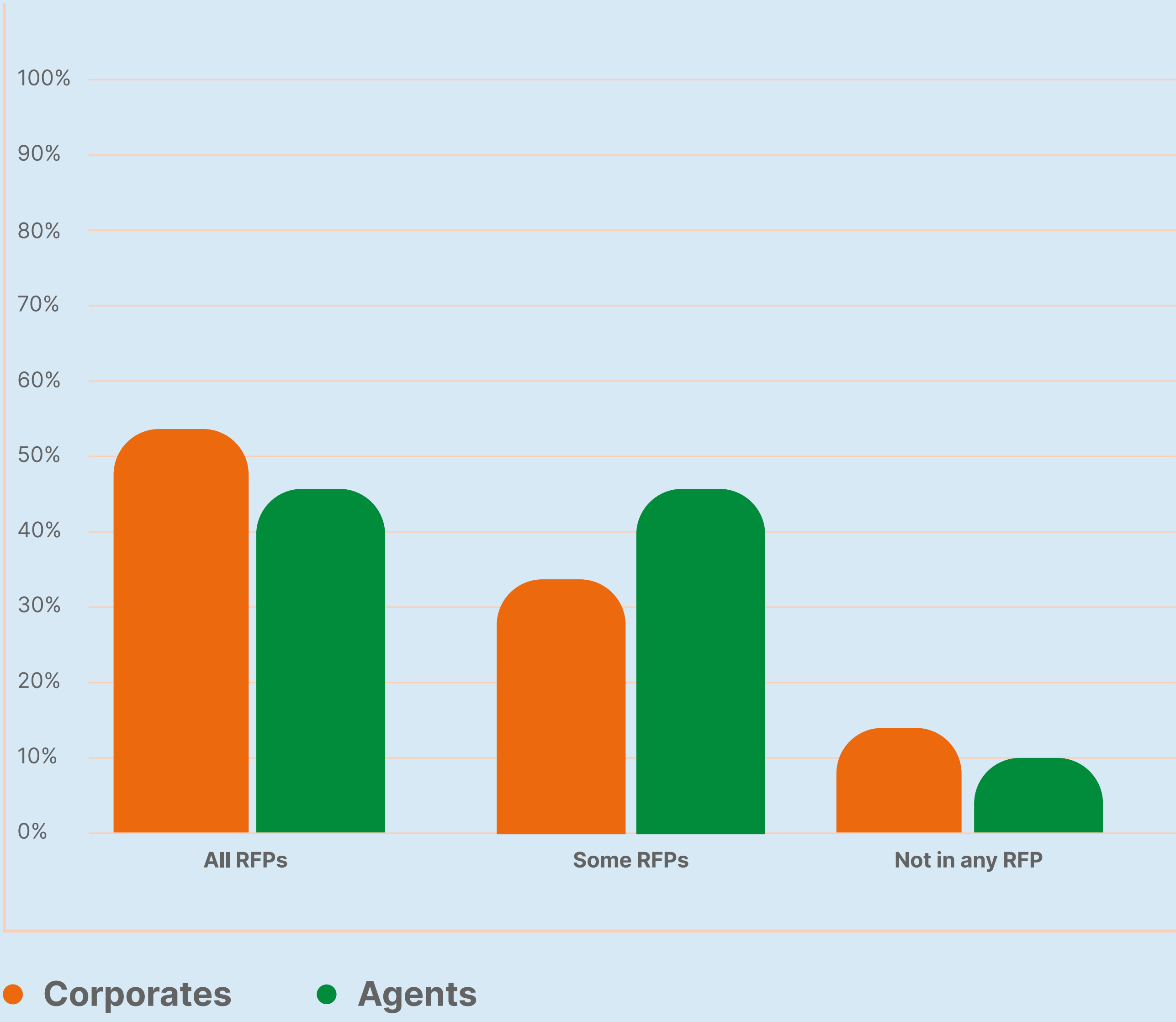
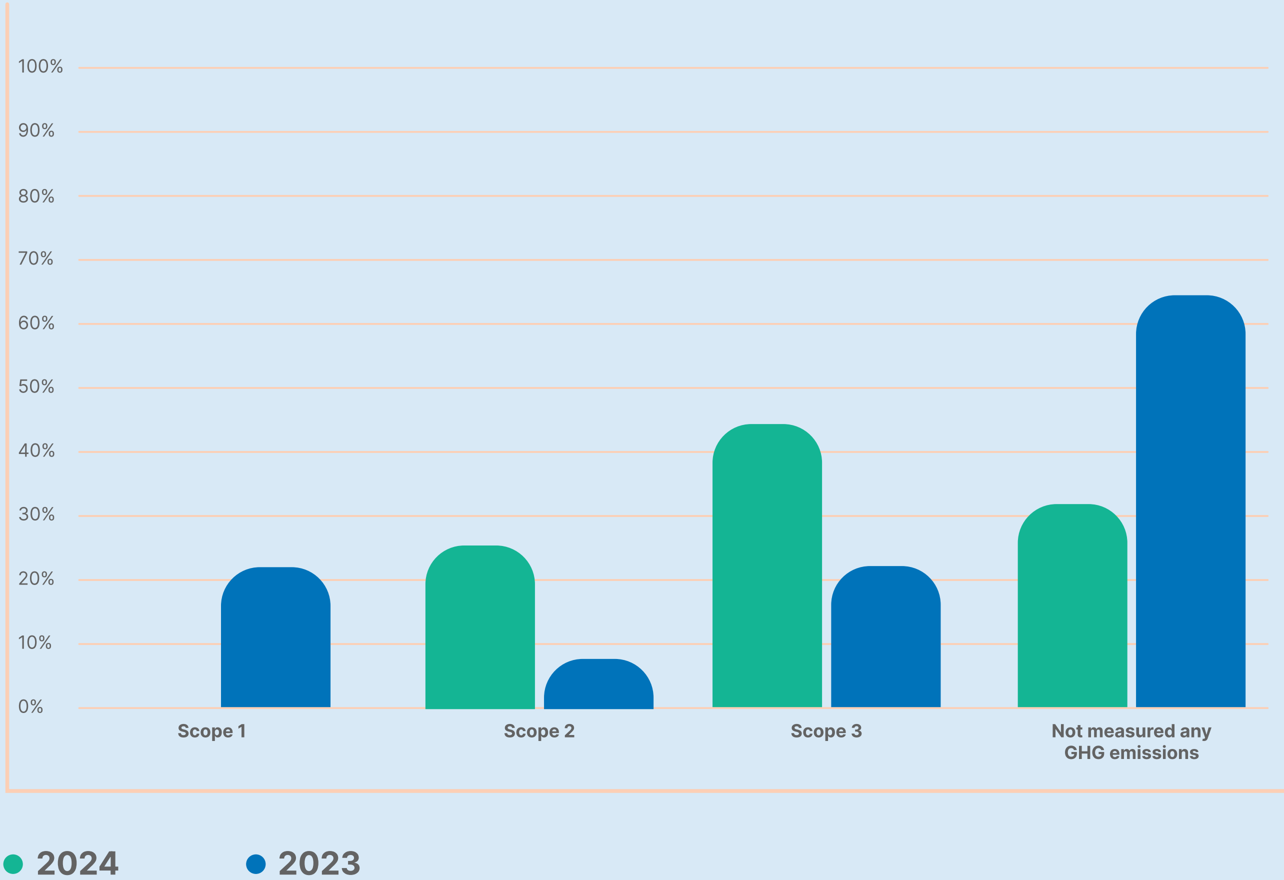


Fig. 16 Corporate buyers' organisation GHG emissions calculated 2024 vs. 2023

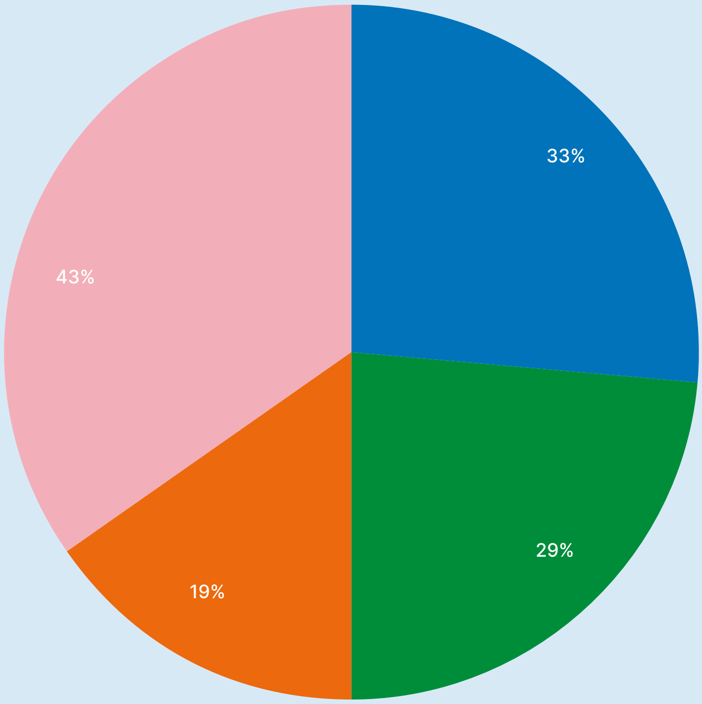


Scope 1: direct emissions from owned or controlled assets

Scope 2: indirect emissions from the generation of your company's purchased utilities

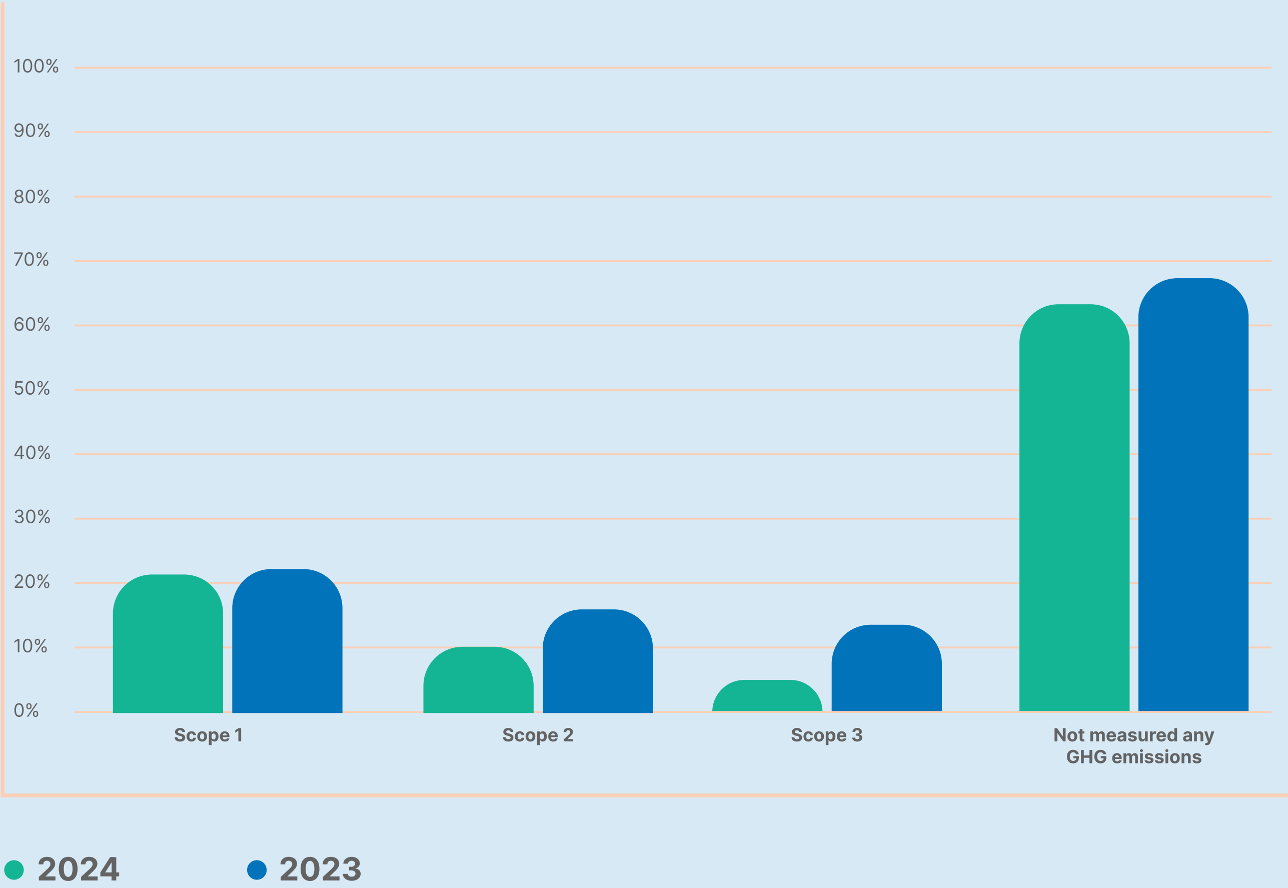
Scope 3: all other indirect emissions that occur in a company's value chain, e.g. waste and business travel

Fig. 17 Agent organisations' GHG emissions calculated 2024



- **Scope 1:** direct emissions from owned or controlled assets
- **Scope 2:** indirect emissions from the generation of your company's purchased utilities
- **Scope 3:** all other indirect emissions that occur in a company's value chain, e.g. waste and business travel
- **Not measured any GHG emissions**

Fig. 18 Operators' GHG emissions calculated 2024 vs. 2023



Scope 1: direct emissions from owned or controlled assets

Scope 2: indirect emissions from the generation of your company's purchased utilities

Scope 3: all other indirect emissions that occur in a company's value chain, e.g. waste and business travel

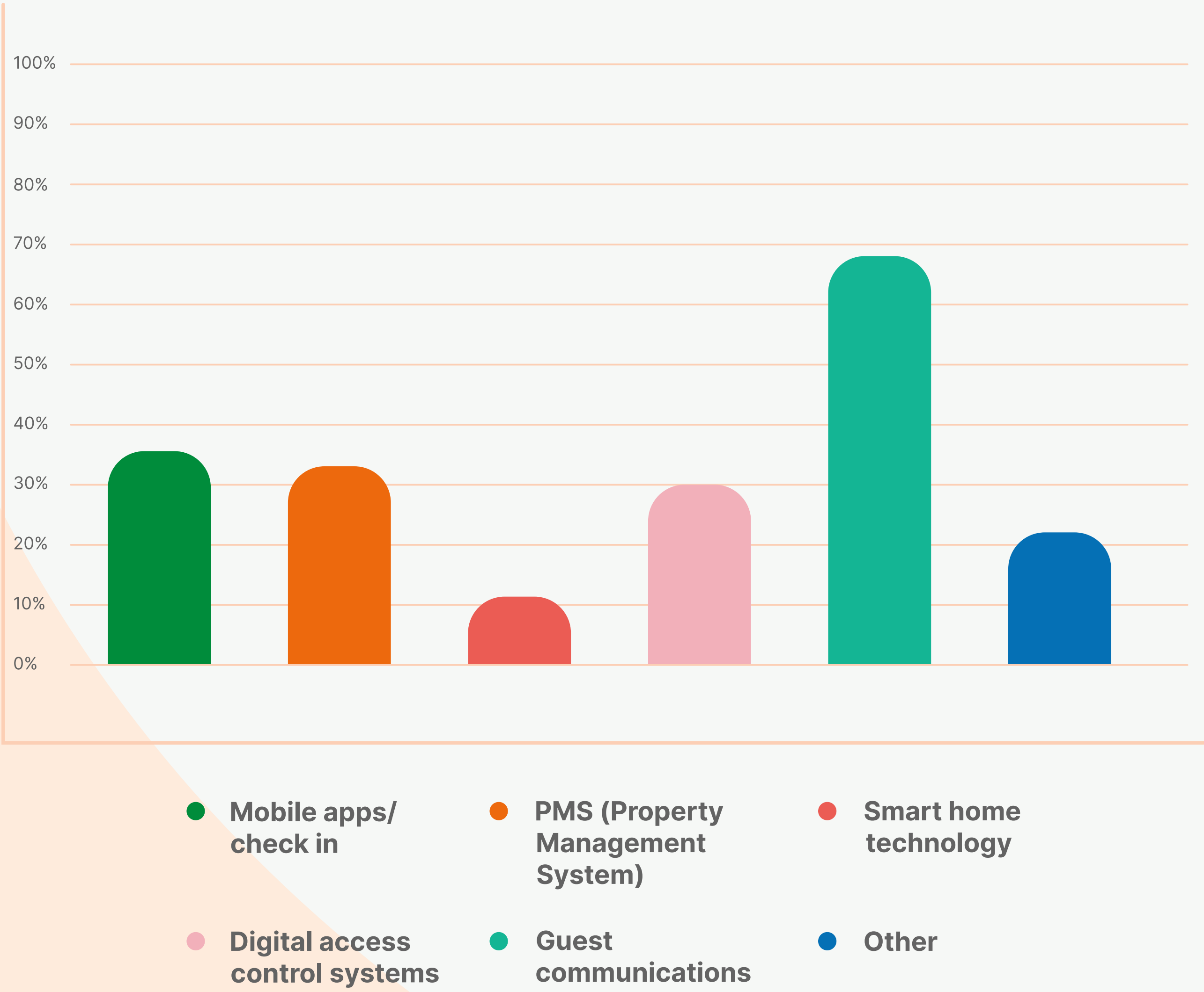
AUTOMATION

Serviced apartment operators' automation in the last twelve months has centred on guest communications (65.45%); mobile apps/check-in (34.55%) and Property Management Systems (30.91%).

In 2023, their focus was on PMS (73.6%), self-service check-in (49.6%) and mobile apps (31.2%).

In the next twelve months, operators say their focus will be on mobile apps (27.27%), PMS (25.45%) and guest communications (23.64%).

Fig. 19 Operators' automation focus 2024

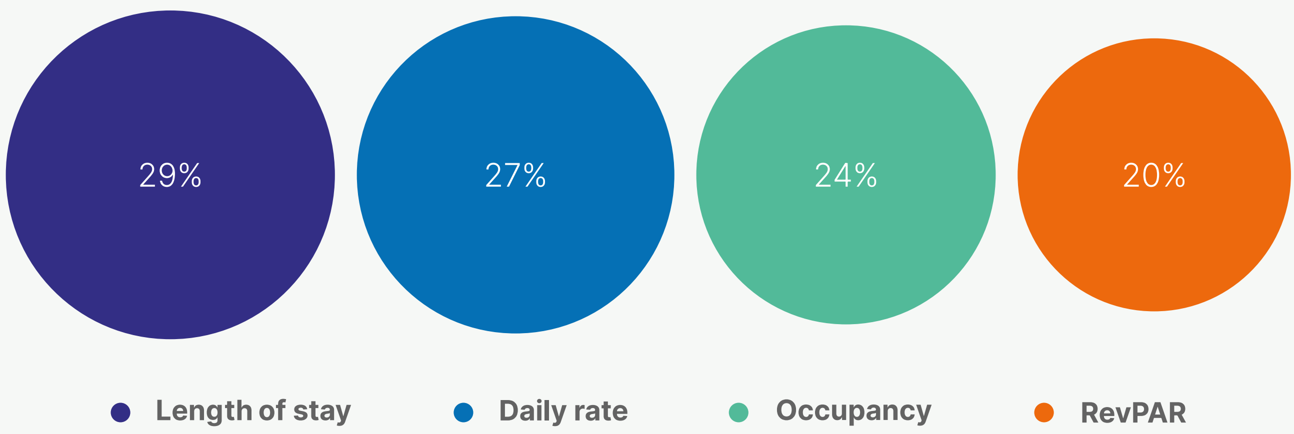


SUPPLY

Local corporate demand and the cost of property acquisition are the most important criteria for operators when selecting a new location. In 2023, whilst local corporate demand was ranked most important, competitor presence was ranked second, equal alongside cost of property acquisition.

Looking to the future, operators are most optimistic for the next twelve months in relation to average length of stay (#1); average daily rate (#2) with occupancy ranked third.

Fig. 20 Operators' reasons to be cheerful 2024



CATEGORISING AND QUANTIFYING
THE SERVICED APARTMENT MARKET

By Mark Harris
Contributing Editor

In 2024, what is a serviced apartment? How are blurred lines between alternative accommodation models impacting supply and demand, and why it's important to size the market.

Credit: The Ascott Limited

Way back in the mists of time (well, 2008 anyway), the first edition of GSAIR defined a serviced apartment as "*typically...in urban locations, range in standard from budget to deluxe and offer hotel services such as 24 hour reception desk....they vary in style; however most are fully furnished with en-suite bathrooms, a fitted kitchenette and lounge/dining area. Many are run by major players in the hotel market...*".

16 years later, the market has seen the emergence of aparthotel, co-living, short term rentals and homestay, the latter including the Airbnb model that has brought the extended stay market awareness at the expense – some would say – of reputation.

Earlier in 2024, an independent review of the role and value of serviced apartments in the UK was commissioned by the Association of Serviced Apartment Providers. It offered an, admittedly more succinct, but ultimately little-different definition.

"Often described as 'home away from home,' serviced apartments can be defined as self-contained accommodation units that offer an array of hotel-like services such as regular housekeeping and flexible lease terms."[4]

Plus ça change, as the French say. So what has the impact of other hotel alternatives been on the hospitality sector and its source markets?

If you can't beat 'em...

"*Things have changed a lot in the last 10 years*" says Guillaume Gerard, Head of European Corporate Sales at Adagio Aparthotel.

"Recently we've seen booking.com listing private rentals on their website. Like when Airbnb came on the scene, this has had the positive impact of raising awareness of our products, and those of our competitors. The challenge is always how well these products meet the needs of the business traveller, and their employers – especially in safety, security, and regulatory compliance."

However, Guillaume also admits that existing players have been quick to learn from the new kids on the block. Lobby areas are a good example. With more than a nod to co-living products, Adagio have created the Circle; an environment in which to meet, but with shared kitchens, library books guests can borrow, and even some shops.

[4] https://theasap.org.uk/independent-review/

"*We try to inspire ourself with the other models*" he says. "*For example, Airbnb have some huge apartments. There aren't any hotel chains doing this, so we've launched our co-living concept which includes four bedroom apartments in Bercy, Paris and in Whitechapel, London later in 2024. That's really innovative.*"

The blurring of the lines between traditional hotels and serviced living has brought challenges for corporate travel managers, as one explains.

"*Having so much choice has raised our employees' expectations, and they expect their employer to meet them. We try to meet them in the middle by being flexible without compromising on security.*"

"*There's also a lot of hidden costs with Airbnb and other Homestay options that employees don't necessarily see, and that makes things more challenging too*" she says.

Alex Neale is Senior Vice President Partner Relationships at SilverDoor. He believes the extended stay buyer and supplier communities should embrace the diversity of product types that now exist.

"*One of the things that makes this industry great is there's different products for different clients, but there are also some reasonably concrete categories in there, like aparthotels, co-living and, in America, corporate housing. Of course, there are other concepts that lie between, and products that fall under the home-sharing category, but we don't consider those to be part of our corporate serviced apartment offering.*"

SilverDoor colleague Shabina Awan elaborates further. "*What's important for us is to articulate why we use different accommodation types. There are a lot of products that have spun-off from serviced apartments. The ability to explain how they differ and for what types of client and trip they are appropriate, is essential.*"

Licensing the sector

The ASAP commissioned report referred to earlier is not the first to size the UK serviced apartment (GSAIR did that!).

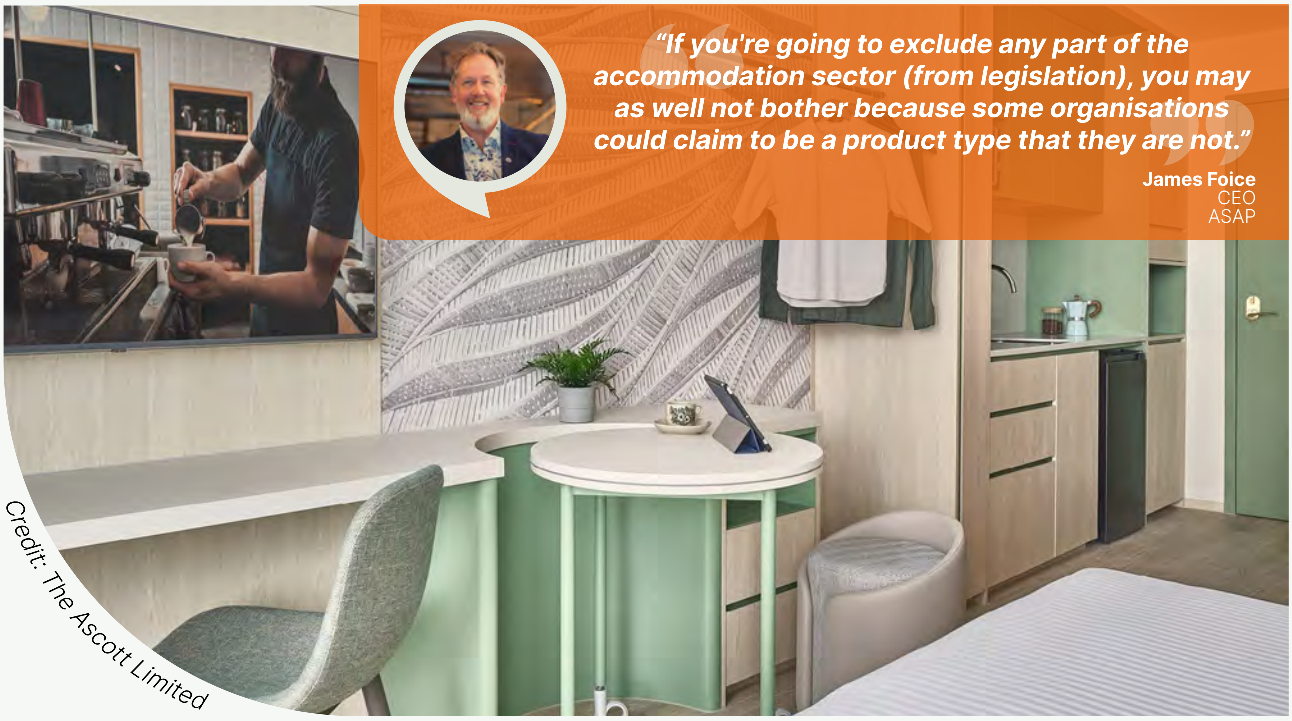
However, it is the first to estimate the overall economic value of the sector at £1.7 billion. This is made up of £1.2 billion of aggregated turnover of "*professionally run serviced apartments*" and £500 million from single-key operators. The report also says the UK serviced apartment sector directly supports 6,050 jobs.

What's the purpose of the report? We asked James Foice, CEO of ASAP. "*Quite simply, we wanted to provide a reliable estimate of the size and scale and impact of the serviced apartment sector to policymakers, so that they can make better informed decisions – typically around planning - that could impact our industry's future*" he says.

Due in part to being categorised by politicians alongside Airbnb, parties, and anti-social behaviour – not to mention taking up housing stock in a housing crisis, the report has been published as a licensing scheme for operators in England gets ever-nearer.

"*We needed to determine the impact of any potential legislation in terms of capacity, and therefore room rates. We have told government that the right thing for the accommodation sector in the UK is to incorporate fire safety and health and safety benchmarks into legislation. The challenge is that hotels, bed & breakfasts, and hostels will be excluded from that legislation*" Foice concludes.

Which is in everyone's interests after all. According to the Emerging Trends in Real Estate®: Europe 2024 report by PwC[5], the interest in investing in serviced apartments has been gradually growing. In a ranking of 26 real estate sectors, serviced apartments climbed from the 16th place in 2022 to rank in 9th in 2024.



"If you're going to exclude any part of the accommodation sector (from legislation), you may as well not bother because some organisations could claim to be a product type that they are not."

James Foice
CEO
ASAP

Credit: The Ascott Limited

[5] https://www.pwc.com/gx/en/industries/financial-services/real-estate/emerging-trends-real-estate/europe-2024.html

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HOT SEAT -

WITH STEVE LOWY OF THE RESIDENCE

Join as we put a CEO in the spotlight...

Regulation is the sector's biggest threat and opportunity

Steve Lowy is CEO of student accommodation provider Anglo Educational Services (AES) and serviced apartment operator The Residence. He is also serving chair of the Association of Serviced Apartment Providers (ASAP).

How is increased regulation impacting serviced apartment operators' ability to pivot towards other source markets?

Regulation is both our greatest threat and opportunity. In cities across Europe and internationally, restrictions have been initiated whereby operators cannot let residential-style apartments for certain fixed periods per calendar year. In London, that's 90 days. In Dublin it's 14, and 30 in New York. Although this isn't every city, it does feel like there will be some sort of restriction in most major cities in the coming years. If a city's leisure market averages two nights stays, and the minimum stay is 14 days, serviced apartment operators will struggle to fill their apartments. These restrictions are obviously threats.

The opportunity, is that regulation is brought in with regards to basic health and safety standards covering fire regulations etc. This could improve standards across the board and show governments that there are plenty of excellent, and safe operators in this sector.

What has ASAP done about this?

The sector has operated under the radar for decades but not anymore, because governments have seen the impact of Airbnb on the housing crisis and serviced apartments have been swept up into the new regulatory reality.

We produced an in-depth report that sizes our industry[6] to stop government making uninformed decisions that could devastate an industry worth £1.7 billion to the UK economy; especially when our economy hasn't grown significantly in the last 10-12 years.[7]

Credit: Domus Stay

Airbnb has normalised staying in temporary accommodation. The challenge now, for smaller serviced apartment operators, is to professionalise themselves to distinguish themselves from operators who don't have health and safety documents or fire alarm systems.

What's the future look like?

If the UK government makes the serviced apartment sector totally inflexible, they will kill off a thriving sector. If the proposed new C5 use classification for future short-term lettings of under 90 days will be allowed, subject to operators getting planning permission, then there could be greater flexibility.[8] That will enable professional operators to get on with business without having to worry about a knock on the door.

However, in reality, with the election pending, there remains a lot of uncertainty and the consultations that took place in 2023 have yet to be taken to a stage whereby the findings are presented.

[6] ASAP Independent Review of the Role and Value of Serviced Apartments in the UK https://theasap.org.uk/independent-review/

[7] https://www.globaldata.com/data-insights/macroeconomic/real-gdp-growth-of-the-united-kingdom/#:~:text=UK's%20economy%20grew%20at%20a,1.2%25%20between%202010%20and%202021

[8] https://www.gov.uk/government/consultations/introduction-of-a-use-class-for-short-term-lets-and-associated-permitted-development-rights/introduction-of-a-use-class-for-short-term-lets-and-associated-permitted-development-rights

WHAT CHANGING
TRAVELLER AND ASSIGNEE NEEDS MEAN FOR CORPORATES AND OPERATORS

By Mark Harris
Contributing Editor

Remote working, blended stays, and long stays; data-driven personalisation; localisation, security, and other sourcing trends.

Gen-Z employees (people born between 1997 and 2012) now make up over 20% of the UK workforce.[9] So they also represent a significant chunk of the travelling and mobile workforce – and growing.

This put the onus on travel and mobility managers, and their suppliers, to understand this new customer segment's needs, lifestyles, and attitudes. Gen-Z spends an average of 10.6 hours per day online, making them the most digitally connected generation.[10]

Gen-Z expects convenience and efficiency in their interactions. In an accommodation context, which means offering mobile check-in and checkout options, providing high-speed Wi-Fi, and integrating mobile payment methods.

The heirs to our planet have also inherited responsibility for climate change. In fact, climate concern is the biggest concern for a third of Gen Z.[11] 90% are trying to reduce their own impact on the environment.

So how do the needs of the new generation differ from those of previous ones?

More space, more comfort, more animals

"One thing we saw throughout Covid was lots of people got pets," says Andrew Meadowcroft, Vice President of Customer Experience at relocation company, Aires. *"That's changed what our customers need from temporary housing. Before the pandemic, maybe one in every ten relocating families has a pet. Now, a significant amount of our relocating families travel with pets, which has put a lot of pressure on the temporary housing industry to meet to those needs."*

"The dynamic has changed. Lots of companies have moved to a hybrid workforce, so employees who are relocating or looking for more space; the ability to be able to work comfortably from home. We've seen an uptrend in people, who have traditionally been entitled to a one-bed apartment or flat, wanting an area for a home office as well."

Fewer trips but longer

Karen Hutchings of Cobb & Hutch Consulting says business people are traveling longer but making fewer trips.

"Sustainability is partly responsible, and behaviours are changing too. Instead of travelling backwards and forwards every week, they are staying longer and then working from home for the next two. Individuals also don't necessarily want to stay in large hotels so much and prefer the less crowded serviced apartment concept since the pandemic."

Credit: Hybrid Resi

[9] https://www.thehrdirector.com/features/demographics/changing-face-uk-workforce/#:~:text=With%20Gen%2DZ%20employees%20now,in%20the%20fight%20for%20talent.

[10] https://bobbledigital.com/its-time-to-focus-on-gen-z#:~:text=Generation%20Z%20are%20spending%2010.6,content%20consumption%20is%206.9%20hours

[11] https://www.deloitte.com/global/en/issues/work/content/genz-millennialsurvey.html

"Serviced apartments offer these travellers the option to be on their own. Some, especially in the U.S. want to travel with their pets. Then you have the work-from-home culture, which makes it even more important to bring people together because they're not getting that office-related interaction. That's why meetings and events are on the increase."

"Many companies are reducing their footprint from a real estate perspective because they know people are not going to be in the office so much" Hutchings says.

Dusko Kain is Corporate Land Supply Manager – EMEA at Flight Centre Travel Group. His customers want extra space too. "*They are staying longer so they are looking for a little bit more comfort too. For people staying more than two weeks, the work-life balance of being able to bring your family or pets with you is an important part of wellbeing."*

Digital nomads

The Oxford English Dictionary defines a Digital Nomad as "*a person who earns a living working online in various locations of their choosing (rather than a fixed business location)."*

It's a term often associated with guests at edyn hotels, although Global Director of Sales and Business Development, Chris Orme says it is meaningless and hard to quantify.

"I prefer to say there's a class of traveller defined by the spaces in which they stay because the reasons for their stays are multifaceted. It might be a combination of business and leisure, or a combination of office-based and field-based work and that's where we need to start. What does that traveller need? Not just in terms of a kitchen, Wi-Fi, or living space, but a co-working space, or a small meeting space."

"There's a conversation to be had about loyalty programmes too. If you're looking to nudge people away from hotels into serviced apartments, we need to think about that, and other value-adds."

"Things like early check-in or check out, and super-fast Wi-Fi are an expectation now for business travellers, just like hot water and a good night's sleep. For operators, it's about working out what else the customer needs within the apartment."

"A new generation has joined the business travel community. They demand a seamless experience and won't put up with friction. It's got to be seamless and app-based because it's not just about the product. It's about the nature of the stay."

ESG

As ESG becomes more embedded in corporate travel's DNA, travellers and assignees want to know their travel partners' ESG credentials, from the booking process to the apartment itself.

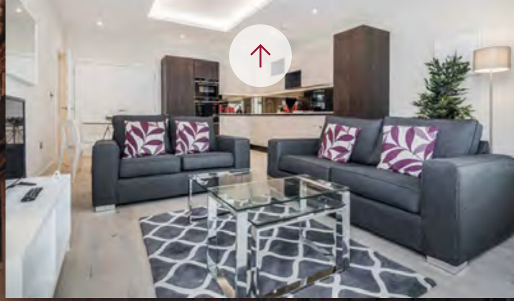
However, as Leanne Fowler, Director of Account Management at Clarity Business Travel points out, "*most serviced apartments are still in their infancy when it comes to sustainability. However, progress is being made."*

"It will be essential for them to make sure the carbon accreditations they're using are available to travellers at the point of booking, and not just in a post-travel report for travel managers."

David Wright is Portfolio Development Manager & Sustainability Officer at Mansley Serviced Apartments and heads up ASAP's Green Team. He agrees operators want help in how to navigate the often-confusing world of ESG.

"The task of measuring Scope 3 emissions is a common challenge raised, as well as uncertainty around which measurement metrics to use" he says. "*Travellers need information, like a sustainability checklist, for any property in which they stay."*

ROOM SPACE



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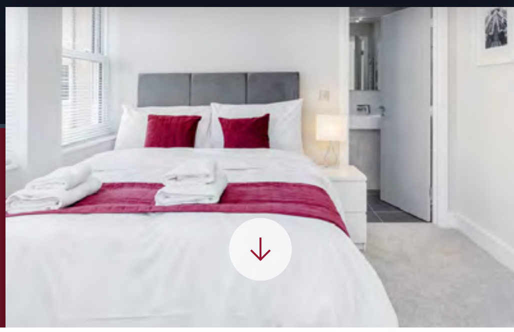

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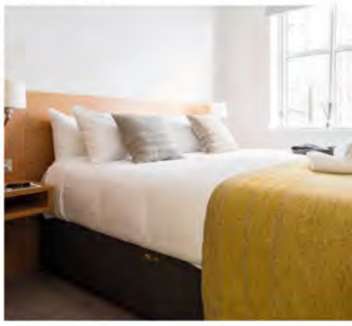

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CASE STUDY -

WHY MAKING IT EASY IS THE KEY TO COMPLIANCE

Daniel Cockton is VP - Global Travel Services at Wood PLC, a multinational engineering and consulting business, headquartered in Aberdeen, and Associate Director at ITM.

Why aren't serviced apartments used within Wood?

Although our length of stay is growing (currently it's 3.3 nights), for stays of 7+ nights our people tend to stay in hybrid extended stay hotel suites, rather than traditional serviced apartments. That's because serviced apartment content is not readily available at the point of sale.

You've implemented a simplification strategy. How will that impact serviced apartment usage?

A new travel portal will make a huge difference. For example, it currently takes 4 clicks to find the online booking tool. With the new portal it will take 4 clicks to complete a booking.

We want to give our bookers and travellers a consumer grade experience for booking long stay accommodation. Our challenge will be to optimise the content to make sure people are getting what they want when they go to book.

How many bookings currently can't access the content they need?

Stays of seven nights or more make up 10% of our bookings, with 30+ night stays representing 3-5% of that. Most is going into aparthotels rather than apartments because that content is not available through our TMC.

Our nirvana would be that within the online booking tool, once the booking is flagged as a long stay, relevant content should present, even if it is a combination of traditional and hybrid serviced apartments to provide choice. Currently, the only way I can see this is possible is through API direct connects into the TMC/OBT.

Why is this?

Largely because serviced apartments don't have the ability to get serviceable GDS-equivalent content to the point of sale, even though Expedia and booking.com both can facilitate it.

TMC's drive GDS content because there's a commercial upside. For me, serviced apartment providers, the GDS' and TMC's need to have a mature conversation about how to make sure they all remain profitable, enable richer content without any major impact to the price point and all be available at point of sale online and offline.

Credit: Your Amsterdam Housing

SERVICED APARTMENTS -
THE NEXT PHASE OF EVOLUTION

By Catherine Chetwynd
Editor of the Institute of Hospitality Magazine

Supply and demand continue to evolve, with built and converted properties increasingly providing co-living spaces and technology to provide greater convenience for guests.

Dynamic, proactive, and innovative, the serviced apartments industry is maintaining its reputation for keeping up with trends.

Availability and price of land dictates that many openings are in converted or renovated spaces and although traditionally, Cycas has built extended stay properties, *“While land is available, construction costs are increasing. We are seeing opportunities to convert offices or retail into accommodation, especially in historic city centres such as London, Amsterdam, and Paris,”* says Chief Operating Officer of UK&I, Keith Griffiths.

Operators are also building, with a major focus on Asia, and China in particular, where demand for extended stay properties is growing. Adagio’s first establishment in the country is in Chengdu Jianyang, planned for 2025, and Frasers is increasing its footprint with Fraser Residence Tianjin and Fraser Place Chengdu. The company opened Frasers Suites Al Liwan Bahrain in February this year as part of Seef Properties’ mixed-use Al Liwan development.

“*Global brands are expanding into new regions with big investments in the Middle East and Africa, such as Dubai, Riyadh and Addis Ababa,”* says Rebecca Brooker partner account manager at Situ. *“In the UK they are moving outside London. Cycas’ Residence Inn by Marriott Cambridge will open in 2026 and Staycity is building in Park Street, Cambridge.”*

Credit: PREM Group

European expansion

In the rest of Europe, Cycas is bringing Holiday Inn Express and Suites to Sion, Switzerland early in 2025, and Accor continues to expand in France with Adagio Access in Porte de Camargue and Boulogne-Billancourt Kermen (new builds), and a renovation in the form of an Adagio Access in Rouen.

Staycity is expanding its Wilde brand through a mixture of construction and renovation; its Bordeaux property combines new build and conversion in the city centre. Unusually for London, where space is notoriously at a premium, the company is pursuing its hybrid model in Middlesex Street, Spitalfields, E17, is putting up a new build in Great Eastern Street, EC1, and in Amsterdam. The organisation will also be running Wilde in another five locations in the UK, France, and Germany; details yet to be revealed.

Staycity's properties epitomise the increasing trend towards co-living spaces. *"It is important that we keep our offer relevant, and we are incorporating flexible space into our developments where we can, with areas for guests to work, have meetings, socialise, eat or just relax,"* says Director of Brand & Marketing, Jason Delany. *"Today's travellers are more fluid in the way they use aparthotels, combining business with pleasure and needing facilities and spaces that fit with both. Our aim is to keep ahead of these changing trends."*

Adagio is launching this style at Adagio Original London Whitechapel later this year with five co-living units, each comprising four bookable rooms around a common area that includes a kitchen and a lounge. This follows the first version in Adagio Original Paris Bercy.

"Over the past 12 months we've seen the continuing rise in popularity of aparthotels and other alternative accommodation / blended model style solutions via requests from clients and their employees," says Chief Operating Officer at Ariosi, Joanna Cross. *"This is driving a flow of more flexible style environments entering the market."*

Ascott's lyf responds to this demand with public spaces that are aimed at "*digital nomads, technopreneurs, creatives and self-starters*," and can be used for workshops or social gatherings. This reflects the rise in blended travel, with corporate travellers adding holiday to work trips. The organisation's Citadines also have co-working spaces.

Cheval Collection's MY Locanda is under construction in Glasgow and will provide F&B and The Lounge, which will be open to guests and the public, tuning into the local community. In fact, community is the brand's raison d'être, with communal kitchens and a Wall of Curiosity that allows locals and residents to lend and borrow items during their stay.

Multi-purpose and connected

Situ's Rebecca Brooker notes this growing trend: "*We've seen property partners looking at multipurpose areas which can be used for co-working or meeting spaces in the day but become restaurants, cocktail bars or venue hire spaces in the evening. There is much more consideration being given to bringing the community in, which is a big factor in co-living space and for many new aparthotel developments*," she says.

Situ's supply chain has moved towards digital solutions to improve energy consumption and guests' health and

> ***"It's more of a challenge now because there is so much more choice. It not just hotel vs. serviced apartment, you've got so many blurred lines in between. It's more of a challenge because employee expectations are a lot higher."***
>
> **Anonymous Corporate Buyer**
> in a leading role for People,
> at a Global International Bank

Credit: edyn

comfort, with better controls for air, heat and lighting going into new developments. In addition, "*Online information packs are now accessible via QR codes or apps, smart TV apps give details of property facilities, there are keyless entry systems, and app-based customer care services provide improved round the clock support*," says Brooker.

Guest experience

Ascott is piloting the use of self-check-in kiosks with facial recognition technology using computer vision AI at several properties in Singapore, with plans to roll out worldwide, and loyalty programme members can check in on the group's DiscoverASR mobile app, use it as a room key and order amenities.

On trial at lyf one-north Singapore is a web app on which guests can order food from dining outlets in or near the property. Ascott also launched a generative AI powered chatbot on DiscoverASR.com last year to aid travel planning and booking, and to answer routine questions 24/7.

Cheval Collection provides mobile keys, streaming from guests' devices on to screens and smart lighting but, *"We have sought to avoid complicated room systems which can be inaccessible and, ultimately, unused,"* it says.

The last word goes to res:harmonics' Giles Horwitch-Smith: *"PropTech software is revolutionising the serviced apartment industry. Buildings are becoming smarter, with software integrations reducing the need for manual intervention, creating a smoother guest and operating experience. In interconnected serviced apartments, operators can learn from their connected devices, use data to better understand space management and maximise the performance of their assets,"* he says.

"The prominence of the serviced apartment offer has prompted some of the larger branded hotel groups in North America to play in this space by designing products with slightly larger rooms and extra amenities to attract longer stay guests."

"Mobility may have plateaued, but new customer segments are emerging. As serviced apartments start to play in these new customer segments, their offerings, distribution, and their service ethic needs to move more towards the hotel model, whilst remaining true to their serviced apartment roots."

"The serviced apartment sector also has to change to remain relevant to the business traveller community. A branded apartment offer needs to provide cost savings (compared to hotels), quality assurance, traveller safety and sustainability. Especially those with a larger consistent footprint."

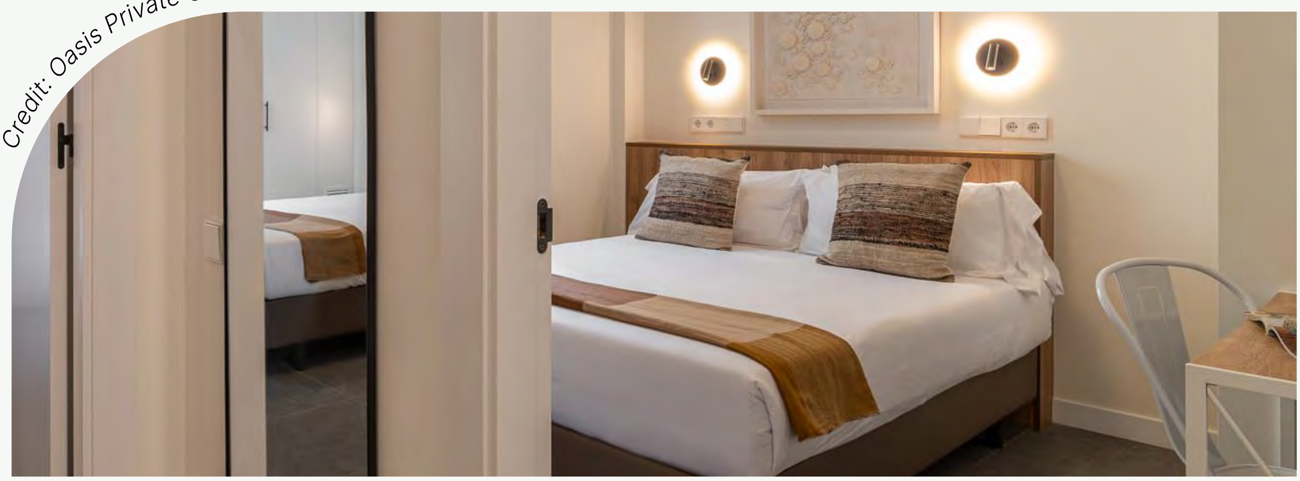
Chris Orme
Global Director of Sales and
Business Development
edyn

"Airbnb seem to be everywhere yet with huge disparities from one operator to another, and travellers demand the consistency, reliability and safety that can only be found by using professionally accredited serviced accommodation providers. These specialist firms operate in a professional manner by paying equal attention to duty of care and hotel-like booking terms".

"These days corporates also have more choice and aparthotels have certainly taken centre stage. Longer term, I believe we will a see a move away from using residential apartments for very short stays and leisure bookings, and with upcoming changes to legislation in the UK surrounding short lets it's likely that we will also see a fair amount of M&A among those operators with smaller portfolios".

Ben Davis
Co-founder
Saxbury

Credit: Oasis Private Collection



CASE STUDY -
WHY TECHNOLOGY IS THE KEY TO GREAT CONTENT

Carlos Almendros is the Global Travel & Card Category Manager at Cisco, responsible for category supply management in all areas of travel. Along with his team of eight he oversees the Cisco travel programme, which uses American Express GBT its sole Travel Management Company (TMC).

How important are serviced apartments in your travel programme?

There's always been an element of extended stay requirement but since the pandemic we have been mandating the use of our serviced apartment partners.

We use extended stay accommodation for relocation, project-type work, and business trips above two weeks. We also use serviced apartments for shorter stays where colleagues are looking for an apartment rather than a hotel, and for our crisis management programme.

What technology would make a big difference to your programme?

The ability to include extended stay properties in our OBT, so a Cisco employee planning a 10 day trip can see the extended stay options available to them.

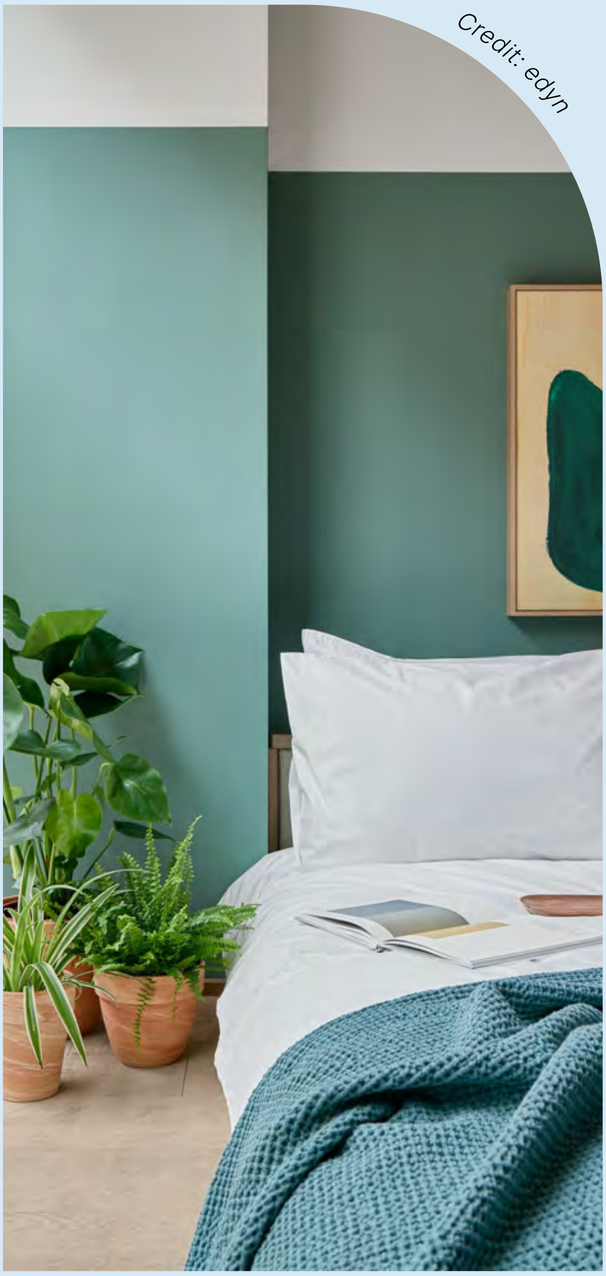
Employees may prefer to stay in a non-full-service hotel, so they need to be able to select an extended stay property over a hotel. The challenge is importing extended-stay content for all locations we need, not just key ones, wherever they are travelling, when, and whatever the purpose.

What would the benefits be?

The process is very manual and it's done through the TMC. Extended stay accommodation isn't always displayed to TMC front line staff, so they have to go offline to make some calls.

At Cisco we drive adoption of our travel booking tool, so the culture is there but not the technology, yet. With it, companies like us will be able to drive adoption of extended stay properties.

Some travel managers are so busy figuring out how to improve air, hotel and car content that extended stay has been less of a priority. For us, as we look at distribution, innovation and experience, extended stay is a great fit as we strive to create a modern retailing environment.



CORPORATE HOUSING
OVERVIEW

By Fiona Murchie
Founder and Managing Editor, Relocate Global & Think Global People

The trends shaping global mobility supply and demand.

From a global mobility perspective 2024 has got off to an interesting start. Corporate travel and assignments are certainly back and in full swing. Even the regions hit by the harshest lock down restrictions such as Hong Kong, China, Malaysia, Australia, Peru, Argentina, and Chile are actively pursuing new markets for international assignees.

A changing landscape for corporate housing

Shifting political landscapes and legislation, particularly in the US and India, alongside increased demand for hybrid working, are key drivers of growth in global corporate travel demand.

For many business leaders the shift back towards more office working continues to gain traction. "*With change comes a need for agility, so it is important to ensure demand and supply aren't at a disconnect as much as possible*," says Al Butler, Senior Client Programme Manager at SilverDoor.

Trends shaping the international market

A new report has revealed that New York City, The Bay Area USA, Tokyo, Singapore, and London top the list of wealthiest cities.[12] The US has 11 cities in the top 50 including New York in first place and Northern California's Bay Area encompassing the city of San Francisco and Silicon Valley in second place.

Tokyo, once the world's wealthiest city, now sits in third place with London in fifth place. Paris is the wealthiest city in mainland Europe in seventh place and Sydney in Australia has risen to eighth place. China is booming with five cities in mainland China making the list (Beijing, Shanghai, Shenzhen, Guangzhou and Hangzhou) as well as Hong Kong and Taipei. In the Middle East, Dubai is the wealthiest city in the region.

Among rising locations was Vietnam, the top destination among 43% of respondents who have assignees relocating to new countries in the past two years.[13]

Credit: The Residence

[12] https://www.henleyglobal.com/publications/wealthiest-cities-2024/insights-worlds-top-10-wealthiest-cities-and-rising-wealth-hubs

[13] Cartus Global Talent Mobility Survey 2024 - https://cartus.com/en/insights/research/cartus-global-talent-mobility-survey-2024-full-report/

Volatility and geopolitical tensions will be key considerations

Geopolitical issues are also a major influence on where and when global mobility teams may need to act. The World Economic Forum Annual Meeting at Davos defined 2024 as a year of rebuilding trust, against a background of increasing division, heightened hostility, and a surge in conflict.

Elections will play a major part in the global economy in 2024. In India, business travel spending is expected to reach up to $38billion this year, as its General Election and the largest democratic event in history is currently underway.

969 million people are eligible to vote in a region that is seeing significant economic growth and likewise growth in demand for corporate housing and accommodation rates.

Like many of its international competitors, the economic situation has hampered growth in the UK property market. "*We need to see interest rates coming down to stimulate the property market, but we might have to wait a while longer for this to happen*" says Ben Davis, Co-founder at Saxbury.

"Typically, development funding for new Aparthotel projects is provided by a pension fund, but escalating build costs and softer commercial yields have conspired to deter these funds from entering the market".

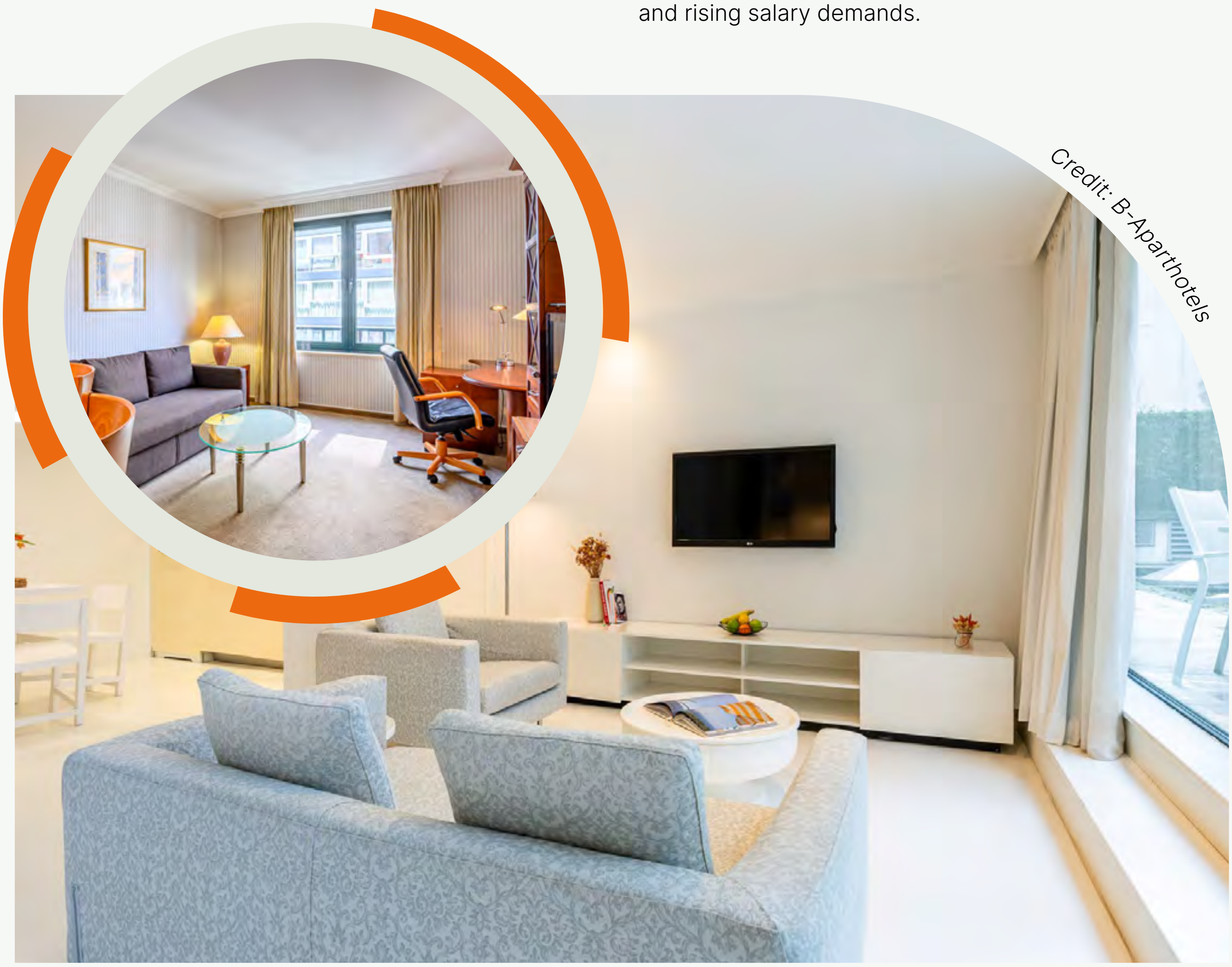
"If it costs an average of £180,000 per unit to build a new Aparthotel and your leased-up yield is sub-5.5%, by the time you've built it, financed it, and rented it to an operator, the capital value of that building often equates to just shy of what it cost to build. It barely washes its own face."

Supply and demand trends are influenced by new business challenges

For many corporate employers post Covid, serviced apartments are becoming a cheaper and more popular option than hotels. Part of this is due to hybrid working, where assignees need more space in their accommodation in which to work, as well as optimising the employee experience.

Another key point of transition for many companies is the need to accommodate and measure new metrics on Diversity, Equity and Inclusion (DE&I) and Environmental, Social and Governance (ESG) data. While many developing countries do not yet have the means or legislation in place to measure and enforce new policies, developed nations are increasingly under pressure to demonstrate strategy and provide data for customers, stakeholders, and regulators.

A number of key sectors are undergoing fundamental shifts to change their business model and capitalise on new markets. This includes the car sector, oil, gas and energy, environmental and sustainability companies, and mining. The financial sector and technology are growing strongly but suffering from a shortage of talent and rising salary demands.



> "There's a saying in the US amongst corporate housing teams – 'survive until '25.'"
>
> **Barbara Hale**
> President, dluxSuites
> and immediate past chair CHPA

Credit: The Capital Hotels, Apartments & Resorts

No post-Covid recovery - yet

Although mobility volumes are reported to have increased or stayed the same over the past two years, corporate mobility teams are understandably nervous.

"In this business, there's always something coming around the bend that we as business owners have to anticipate." Says Barbara Hale of dluxSuites and immediate past chair of the Corporate Housing Providers Association.

"In the US and globally, many big corporates have cut back on relocations. The message I'm getting is that the relocation market has struggled coming back since COVID, to pre-2019 numbers."

Chad Keiser, Global Category Manager at Graebel. *"We're in a strange time with relocations, because although volumes are down, relocations are still happening and have the same needs. With corporate housing, it's a very high-risk small reward kind of business and our partners have to make logical decisions on the inventory they hold."*

"There's a lot of folks out there, our partners included, doing temporary housing. They want to mitigate that risk as much as possible. So they're doing a lot of aggregating and wholesaling and not holding that inventory, but at the same time for a corporate housing company to be successful you have to hold your own inventory. So it's about finding that balance."

Commentators agree that the global mobility sectors stand at a critical juncture. The industry is grappling with a complex interplay of geopolitical, technological, and economic forces that could reshape the landscape.[14]

[14] https://www.spglobal.com/commodityinsights/en/ci/research-analysis/ten-global-trends-shaping-aboveground-ep-risks-in-2024.html

HOW THE SERVICED APARTMENT INDUSTRY
IS DRIVING ESG

By Mark Harris
Contributing Editor

What is the sector doing to prove its ESG credentials; the role of technology and the challenges around capturing data and reporting.

In May 2024, TMC technology specialist TripStax announced it had seen a surge in demand for data required to enable carbon reporting, risk management and traveller wellbeing services.

TripStax said that the number of data points added to bookings from third parties through its TripStax Core processing system had increased by 185% in 2023 compared with the previous year.[15]

The company attributed this rise to increased demand for data needed for CO2 reporting, as well as for duty of care and wellbeing services for travellers. But does this surge apply to extended stay bookings? The evidence suggests that it does.

Evidencing sustainability

This year's GSAIR survey found that 53.33% of travel buying organisations and 45.45% of agents' clients now require serviced apartment providers to evidence their sustainability credentials in all RFPs. That's a year-on-year increase of 17.62%.

43.75% of corporate buyers say their organisations have calculated their Scope 3 emissions, almost double 2023's figure.

"Clients are now under increasing legislative pressure to report on ESG factors" says Alex Neale, Senior Vice President Partner Relationships at SilverDoor. *"We've seen a massive change in the way clients carry out RFPs in terms of the information they want from serviced apartment providers. We're now moving on to the next phase which is how they use that information to change traveller behaviour."*

"That's why SilverDoor has created a Carbon Calculator. It will compare emissions from all the different types of apartments we book and compare them against hotels too. It's a mammoth data collection exercise to get to a point where we have all the information we need to answer these questions accurately" says Alex.

Case study – K2 Corporate Mobility

K2 is a relocation management company which began as a household goods shipping company and has since expanded into all elements of global mobility. Gavin Carruthers, K2's Partner Relationship Lead – Europe says that RFPs are now less about price, and more about sustainability.

"We want to nudge people to make the right choice, so we need to find a way to evidence the impact of an individual trip and translate that into options for the traveller. That kind of element within the RFP has become quite complex, so the data around that and what's required has become more granular in most RFPs."

Gavin's K2 colleague Linda Rafferty is Global Head of Compliance & ESG. *"Data is key, being able to gather that data and actually interpret it is paramount because if you're engaging with multiple reporting platforms, you're going to be getting data in different formats and must align all measurement methodologies. We partner with EcoVadis for our compliance elements."*

"Our company's environmental impact is minimal. The services we provide to our clients, however, have a huge impact. As a result, we are very compliance driven and the organisations we deal with are highly regulated."

"In choosing to partner with EcoVadis for our supply chain compliance, we wanted a platform that can capture data across our entire network regardless of the type of service delivery partner. We have some aggressive targets in onboarding our partners to the EcoVadis platform, but we also know that other partners may also be engaging with other platforms, so we're not making it mandatory as yet" says Linda.

[15] https://www.businesstravelnewseurope.com/Technology/TripStax-sees-surge-in-demand-for-CO2-and-wellbeing-data?oly_enc_id=4224G7663490G5Y

Scoping the problem

The 2024 GSAIR survey shows that 43.75% of buyer organisations and a third of agents have calculated their Scope 3 greenhouse gas emissions (which includes the impact of business travel), yet only 4.69% of operators have done so.

In fact, the bulk of serviced apartment operators have made no progress at all. In 2023, 68.10% had not yet calculated their GHG emissions. A year on, 64.06% of operators have still not calculated their emissions.

Why is this? David Wright of Mansley Serviced Apartments says it's down to smaller operators lacking the financial or human resources. *"Some brands, like Staycity or edyn can employ entire departments to carry out the work. However a lot of operators only have a handful properties that don't have that luxury. Someone has to do the work, which is a big ask for some."*

Stuart Godwin is Managing Director of Lamington Group. In 2022 his company published its One Planet Living Action Plan, which takes *"a holistic approach to sustainability across the group and maintains our focus on reducing carbon emissions."* Lamington Group also publishes an annual ESG Report.[16] He sums up the enormity of the task facing the sector.[17]

"It takes a lot of best practice to offset or reduce the big bill of embodied carbon. We are talking about a whole life asset being net zero – the asset is expected to last 60 years – you have to talk about the embodied carbon, which for room2 Chiswick was 2,500 tonnes of carbon, as opposed to the operational carbon, which for room2 Chiswick is 15 tonnes of carbon. Unless you are detailing the embodied carbon it doesn't matter how much you have washed the towels – don't tell me you are saving the planet by not washing my towel if you haven't looked at the embodied carbon."

On the curve

So how is the serviced apartment sector doing compared to hotels. *"Some are doing better than others"* says K2's Gavin Carruthers, *"although the pace has accelerated in the last 12 months as we've moved on from planting a tree or working with utility providers to get hold of meaningful data."*

"Some providers are now building their own carbon offsetting tools and providing the data that drives the conversation around what can actually be done. It's been fascinating to see this collaboration between different partners that we use in that field working together to try and find a solution."


Credit: Hybrid Resi

"The increase in demand for automated carbon, risk and wellbeing data is just one sign that the evolution we set out to kick start is underway and TMCs want to migrate towards using a centralised data warehouse as a single point of truth for managing and enriching their customers' travel data."

Jack Ramsey
CEO
TripStax

[16] https://lamingtongroup.com/sustainability/

[17] https://servicedapartmentnews.com/serviced-apartment-news/special-report-sustainability-in-the-extended-stay-space/

AI –
WHY THERE'S NO NEED FOR PANIC

By Jack Ramsey
CEO, TripStax

Why AI is essential for Gen Z travellers/assignees; why success is a blend of tech and humans and how AI can support operator and agency profitability/productivity.

TripStax is a technology company which works with Travel Management Companies (TMCs) and corporates to power global travel programmes. We provide ten cutting-edge modules, all connected to a vast data processing architecture. We also own a hotel booking platform, so I was interested to find out more about how serviced apartments differ from hotels in terms of automation and booking flows.

We've invested a lot into adopting Artificial Intelligence (AI) across our technology stack, and I know many other businesses are also taking advantage of the benefits it provides. Some are just using ChatGPT to answer questions, while others are surging ahead and embracing the full power of machine learning.

To find out how AI might shape the world of business travel, we pulled together a panel of experts in serviced apartments and technology. It comprised of: Daniel Simmons, Chief Commercial Officer at HotelREZ; Hanish Vithal, Chief Information & Technology Officer at SilverDoor, and Joanna Cross, Chief Operating Officer at Ariosi.

Starting the journey

To start with, I wanted to find out what level the businesses on our panel were at in terms of adopting AI.

Daniel: We haven't even touched the tip of the iceberg with AI yet, because the landscape is so complicated. To start with, we're looking at all of our different systems and how we can really attract the right business at the right price and the right personalisation for our client properties. We are looking at how we can use AI to analyse the data in our booking engine so that when someone does come to one of the booking platforms, they get the right messaging.

Joanna: At Ariosi we are also trying to understand what it's all about and how we might apply AI practically and tangibly, day-to-day, to create operational and process type administrative efficiencies. Within our OrbiRelo tech platform, we're looking at how AI can not only save team time, but also deliver a better user experience for all who interact with it.

Credit: The Gate

Hanish: Our journey has begun, but we are also taking our time to understand the culture we need to bring into our company to implement AI. It's about agility and empowering people to use AI tools to make their jobs easier. You also need to be in a good place with your technology, people, and processes - which we are - before looking to layer AI on top.

On Hanish's point, it seems many companies are struggling to harness AI because their foundational technology, data and processes aren't well organised and the 'shop' needs a little tidying up before they embrace the future. AI will only perform well if it sits on a solid base, so if the base is a mess, avoid making it messier with technology you don't yet fully understand.

An opposing school of thought however, and one that TripStax is adopting, is the use of AI to help with foundational cleansing exercises. There are areas of our stack where we're using AI to analyse and refine code or restructure databases. My point being there are use cases for AI in both the preparation phases and execution phases of its adoption. At this stage in AI's evolution, I do have respect for those who approach it with caution, if they don't fully understand the landscape. It's a powerful beast, not to be underestimated.

Serviced apartment vs hotel booking experience

Looking more closely at the serviced apartment world in particular, I wanted to explore its foundations and how it compares to the more standardised hotel booking space. TripStax is well versed in hotel booking, but I understand booking serviced apartments is a little less straight forward.

I asked the panel why it's more complicated and cumbersome to book serviced apartments and do they think AI can have impact on improving this?

Daniel: Every serviced apartment provider we work with wants visibility of their product and their distribution is very fragmented. The have long and short stay guests and they want to get the right business. They have to have good PMS, CRM, and revenue management systems, and when each is a different system, it can overcomplicate things.

The biggest barrier to serviced apartment operators putting availability online is around the mechanics of length of stay and lead time and protecting the opportunity to get a longer stay. The real benefit of AI will be to enable better human decision making.

Hanish: It has been talked about in the serviced apartment world for years, but there has to be a centralised platform or distribution system. Simplicity should be the starting point; giving operators the right tools to do the job. That's why we are so far behind hotels; they already make it simple and accessible.

User/Guest experience vs. booker experience

More than 80% of travel buyers think their corporate booking tool's user experience is not fit for purpose.[18] One of the reasons for this is that there's so much focus on the interconnectivity of all the data behind the scenes that the user experiences is just seen as a visualisation layer for all the chaos that lies beneath.

[18] Speaker at ITM conference 2024

This work can be done without AI, but does the panel believe there's more that can be done from an AI perspective to improve the user experience?

Daniel: Huge changes are coming to booking engines, led by what the airlines are doing with New Distribution Capability (NDC), which is to generate higher revenues. The other big change will be in relation to using AI to streamline processes. Sadly, this is also likely to mean cutting staff, because companies will look to use AI to cut costs.

This is a valid point. At TripStax, we built a tool with AI to automate the gathering of content from different airlines from multiple channels integrated into one environment. We showed it to one of our large TMC customers and their reaction was that it could reduce their human resources by 70%.

Joanna: There's a big disparity between the user experience and the booker experience. In my private life, I'm used to using multiple portals, the majority of which are slick and customer focused. But I think in corporate travel life, it's fair to say that the portals we touch aren't as slick, or as sharpened for the consumer, particularly when it comes to booking corporate, temporary accommodation.

There's a real disconnect there and room for improvement. This is also backed up by the results of this year's GSAIR operator survey, where we can see the focus is very much on guest or end user experience, but not booker experience.

Katie Garrahy
Senior Client
Programme Manager
SilverDoor

"Success is a blend of people and technology. When you are going away for three, four weeks or even longer, the business traveller needs that human interaction because they need re-assuring, it's part of the human condition to want to speak to someone."

"This is even more relevant in relocation, one of our clients is coming over from South Africa with his family for an extended period. Yes, they can find lots of information on our portal, but the portal can't tell our client which schools are the best locally."

Hanish: At SilverDoor we try to bring consumer grade applications to the corporate world because corporate tools are overly complicated. It's all about enriching the functionality so everyone can have a one click system, but it's a challenge because we need data and content from different providers to make that efficient.

You need content to create personalisation. Then you use AI to leverage the content to deliver the user experience. It's about streamlining everything and bringing it back to the reality of how we use our phones and apps. Someone needs to be brave and take a risk by doing something fundamentally different.

Leanne Fowler
Director of Account Management
Clarity Business Travel

"Amongst TMCs, the current thinking is that AI will have its greatest impact on efficiencies. In the summer of 2023, we introduced live chat. Whilst not exactly AI, it's a half way house to adopting AI within our customer experience, especially around contacting us."

"From the corporates' side, there's a lot of nervousness around AI because of the external influences around the edge. There's a risk to duty of care, so HR are involved. With infosec, security teams are involved. Not to mention sustainability teams, diversity, equality, and inclusion."

"We regularly interface with those teams around GDPR, data and where data is held. Our clients' teams are getting to grips with what this all means."

John Angus
Managing Director
Switch Management

"From the customer's perspective it's a whole new experience with self-check-in, even before you've arrived. It becomes more difficult when you're trying to pick a restaurant or menu. I've seen places trying to use AI for room service menus. When someone decides they don't want cheese on the burger that's a disaster."

"The principal benefit for us in implementing AI is a combination of guest experience and the bottom line, although by putting the former first, the latter tends to take care of itself."

HOT SEAT -
WITH STUART WINSTONE OF SILVERDOOR

Join as we put a CEO in the spotlight...

Corporate demand for serviced apartments seems to be slowing again; what is driving demand right now?

It's worth taking a moment to remember how things were the two years after the pandemic, at SilverDoor in 2022 we saw unprecedented levels of business which softened a little in 2023 and the landscape is somewhat less volatile now with markets adjusting to fluctuating demand in many locations.

It's a good sign that the UK has recovered from the mild recession we saw at the end of last year and, if the last couple of weeks is anything to go by, I would suggest volumes are back on the rise and many customers are telling us the second half of the year is set to be busier.

How will greater regulation (e.g. licensing) impact supply and demand?

Greater licensing can have several implications for the serviced apartment industry and we definitely don't see it as a negative in principle. That being said, I think we need to be wary of being too heavy handed and placing too much financial and administrative burden on operators.

We already have over 150 health, safety, and security measures that operators must meet if they want to join the SilverDoor portfolio. In addition to this, many of our clients actually have their own mandatory standards and features they require in all apartments, things like double locking doors, spyholes, fire blankets and carbon monoxide alarms.

In most major cities, local regulation already demands these things, but when you're dealing with more developing countries it's not always the case. So, we regularly find ourselves engaging with property partners in emerging markets where our clients have a demand and we advise them that should they wish to accommodate these customers, they will need to fit these features, which in most cases they are very happy to do. Therefore, we can and do see a natural improvement in safety and security standards a result of market pressure working hand in hand with formal industry-wide regulation.

Regulation is not the answer to everything, and I think there's a balance there: overregulation can stifle innovation and diversity, it can increase operational costs, making it harder for operators to be profitable and can lead to homogenising the product and reducing choice and competition.

One of the reasons people love apartments over hotels, is the unique, home from home environment they offer, so while regulation has its place in standardising our industry and driving best practice, let's not let it water down what makes our product special, and put off smaller, independent operators from entering the market by placing endless onerous requirements on them.

How has SilverDoor tackled TMCs' reliance on GDS to source and book serviced apartments?

We've been hearing from our clients for some time that online, live availability and instant booking capability is a non-negotiable, so we are continually developing our technology offering to increase the widespread accessibility of serviced apartments for corporate travel.

The challenge for travel management companies has historically been the limited serviced apartment content available via the GDS. Our API solution presents serviced apartment content, aggregated from more than 2,600 global operators, next to hotel options on TMCs' own platforms and allows bookers to directly compare rates, facilities and carbon emissions.

The message from our clients has been clear for a long time: if serviced accommodation wants to compete with hotels, they need to exist in the same spaces, offer live rates, and have seamless, instant booking technology.

This API brings the SilverDoor portfolio squarely into those spaces and is instantly available to view and book alongside hotel rooms. This represents a huge step in making serviced accommodation more easily accessible to relocation and business travel programmes and, for those that are unable to connect via the API at this time, our live rates and inventory are available at SilverDoor.com.

Credit: The Capital Hotels, Apartments & Resorts

Is it possible to meet the needs of travellers/assignees and their employers?

Yes! We've been doing this for nearly 25 years and of course sometimes it needs a careful balance and clear communication on both sides, but essentially there is usually a way.

We're seeing an evolution in the needs of travellers, with the ongoing maturation of the digitally-native Gen Z and those born into an internet-enabled world. These generations now constitute a large proportion of our business travellers; they have different priorities from their parents, but, at the end of the day, people want to be treated as individuals and have an experience tailored to them, delivered with honesty, integrity and care.

Is the serviced apartment industry's reluctance to share data hampering attempts to reach net zero?

When we launched the SilverDoor Carbon Calculator in November 2023 we were very clear about our vision and ambitions for it: that we wanted to create a consistent, standardised approach to emissions measurement for the serviced apartment and corporate housing industry that we could all benefit from.

We knew that sharing common best practice and data would be the key to widespread adoption – we wanted operators to be able to enter their data once and for this to be shared across multiple agents' platforms. Any solution that meant multiple platforms and multiple methodologies would be impractical and onerous for users to engage with, and for clients to understand.

Having spent a year developing the Carbon Calculator technology, we want to make it widely and freely available and we've made this very clear to our agent colleagues, as well as a number of industry bodies.

What are your predictions for the serviced apartment industry in the year ahead?

We are confident that business travel and global mobility is on cautious yet positive trajectory. While overall travel volumes remain below 2019 levels, there is a noticeable uptick in demand from FTSE 250 and Fortune 500 companies, signalling optimism.

Extended stay properties still continue to thrive across the world, as many travellers are taking fewer trips but for longer duration, using apartments for their cost reduction benefits, to aid sustainability goals and to nurture traveller wellbeing when away for long periods.

LONG TERM FUTURE OF
SERVICED APARTMENTS

By George Sell
Editor-in-chief at International Hospitality Media

Global and regional economic, social & ESG trends; target markets, rates, and the ROI of serviced living.

In 2024, the serviced apartment sector is at a crucial stage of its evolution. The pandemic brought serviced apartments and aparthotels to the fore, allowing operators to continue trading, albeit in a vastly different landscape, while more traditional hospitality offerings were forced to close.

In 2024, business travel remains unpredictable. Fewer but longer trips have become the norm, frequently with leisure and family time factored in. So, what does the next decade hold, and what changes will we see?

More supply, more brands, smaller rooms

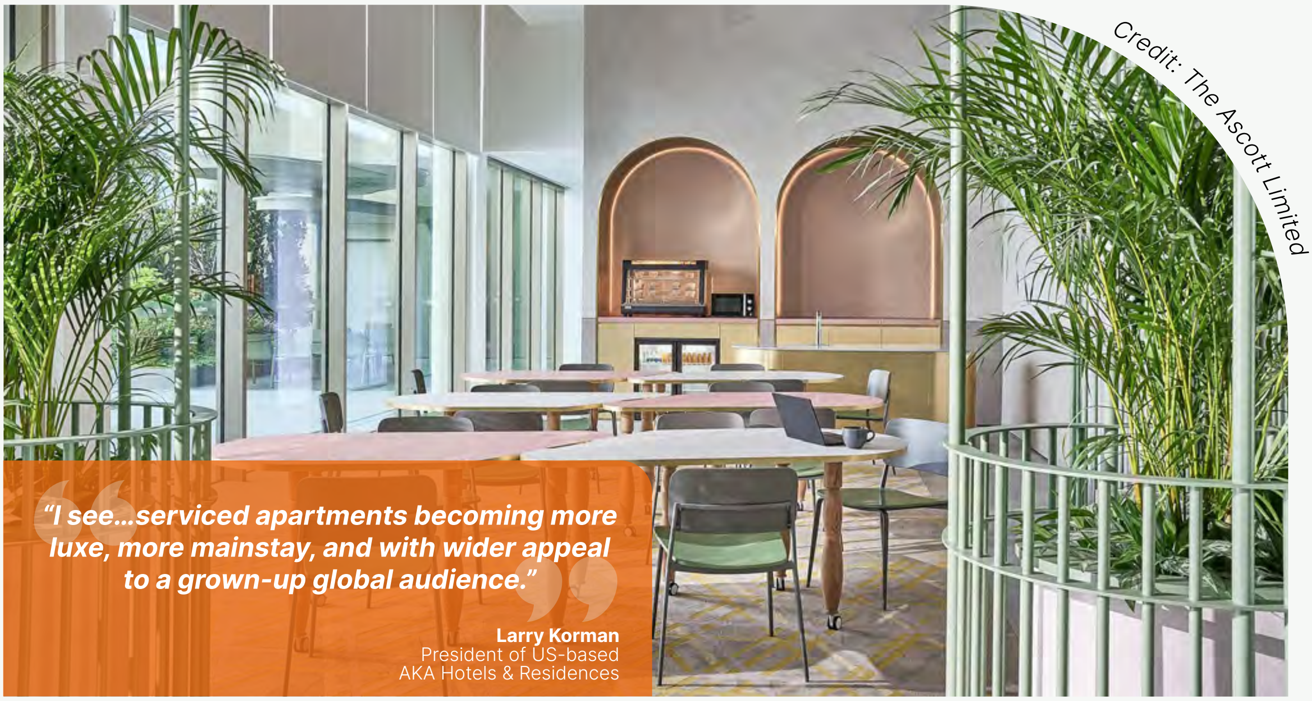
Daniel Johansson, Director of Development and Acquisitions at Cheval Collection, predicts significantly more supply, more brands, and specialised chains with more properties. "*I also expect to see a hotel-type rating system specifically for the sector.*"

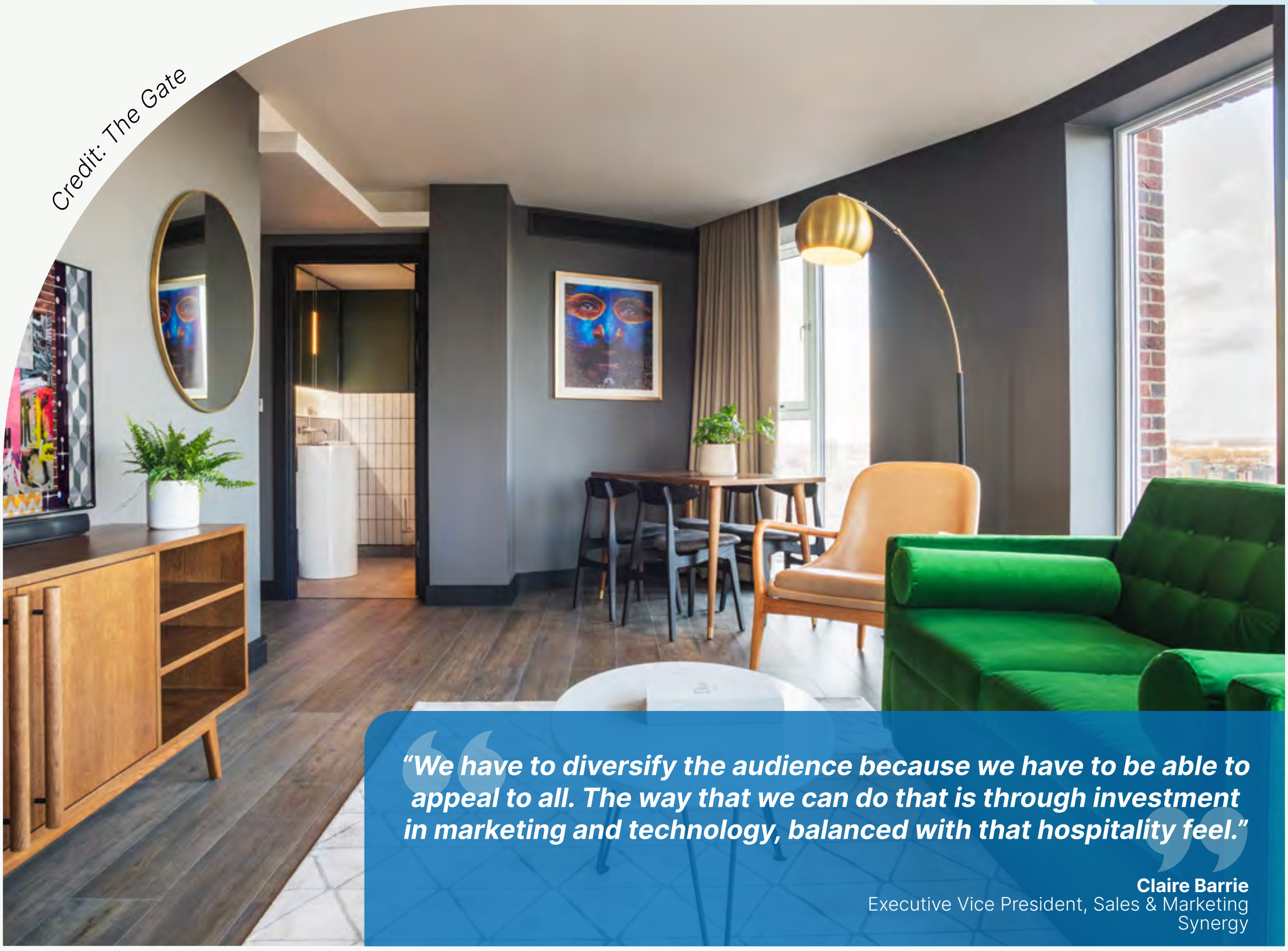
James Fry, founder of Beyond Apartments & Aparthotels, believes the trend towards smaller room sizes should stop. "*We should focus on what serviced apartments and aparthotels do best - larger rooms, with full kitchens that encourage longer stays, reduce operational cost, and increase bottom line EBITDA returns. This will attract more capital into the sector.*"

A more diverse audience

Larry Korman, President of US-based AKA Hotels & Residences, is very upbeat about the future, and the industry's ability to attract a more diverse audience:

"*Thanks partly to the pandemic and the reduction of Airbnb in many major cities, serviced apartments are now a mainstay of hospitality. In the near future we will see more hospitality and investment companies launch higher-end extended stay serviced residences as preferred lifestyle alternatives to hotels that have become diluted by big-box mega companies such as Hilton and Marriott.*"





"We have to diversify the audience because we have to be able to appeal to all. The way that we can do that is through investment in marketing and technology, balanced with that hospitality feel."

Claire Barrie
Executive Vice President, Sales & Marketing
Synergy

"We will see stronger demand for independent brands and properties that appeal to a sense of home, while offering resort-standard amenities and services. Those who have loved Airbnb are conditioned to the advantages of a residence rather than a room. Now they've grown up, have finer tastes, and more money to spend. Corporate travellers will travel less and stay longer, so a place where they can eat, work and sleep is a great option."

Daniel Johansson predicts that brands will improve their penetration across Europe, and that: "*we'll see operators expanding to have pan-European portfolios. In the US, there is potential for more high-end product in key cities.*"

"*The European sector is still very fragmented*" adds James Fry. "*A handful of brands will become the go-to operators, with a mixture of smaller brands rising rapidly, along with an element of consolidation.*"

Sector has rested on its laurels

Karen Hutchings, founder of consultancy Cobb & Hutch and former Head of Travel at EY, shares others' optimism, predicts divergence within the business travel market, and sounds a note of caution.

"Serviced apartments will become more significant for travel managers over the next ten years. Demand for Airbnb has started to infiltrate travel programs. Mobility is the bedrock of serviced apartments' business, but many companies are already using them for transient travel too."

"Corporate mobility expenditure probably makes up 10–15% of their total accommodation spend. That shows how much opportunity remains untapped. The sector needs to reach business travellers, and technology will be the means to do so, but they haven't cracked that yet."

"Covid gave people the opportunity to test apartments for the first time. Since then the sector has perhaps rested on its laurels while the hotel sector has come back strongly."

Larry Korman agrees the sector cannot afford to rest on its laurels. "*We must keep growing in quantity, and especially quality, but the onus is on us to evolve and enhance our offerings. Whether that's with food and beverage, amenities and services, technology, and wellness. At AKA, we have grown not based on length of stay or square footage, but how we create a sense of home, away from home.*"

To maintain its appeal to corporate travellers, travel buyers and TMCs, Cheval's Daniel Johansson says the sector needs to improve product standards across the board. "*A serviced apartment should not be a second choice for a traveller after searching for a hotel. It's essential to provide a good space to work from, with a desk, away from the bedroom. Finally, it's essential to be competitive on pricing.*"

Put technology at the core

Dusko Kain, Corporate Land Supply Manager - EMEA at Flight Centre Travel Group warns there's work to be done around the identity of serviced apartments.

"Fragmentation has reached the point of 'what is a serviced apartment?' It's like Hoover and vacuum cleaners. Travellers, business, and leisure, need to be re-educated about the benefits of serviced apartments and aparthotels."

Kain also highlights technology as a major driver of future sector growth. *"Operators need to come together to create a way for serviced apartment inventory to be bookable, on-line, for stays of up to 30 days as a direct connect into the GDS because they are losing market share to all the big chains. Travellers need to be able to make informed choices at the point of sale."*

Claire Barrie EVP, Sales & Marketing at Synergy echoes the need for future investment into technology to ensure the longer term future of the sector, but not just around distribution technology. *"As an industry we need to invest more in data protection and security. Like certification and compliance, it costs a lot of money, but we can't afford to cut corners in either area."*

"We need to select technology tools that provide a multilayered approach to data security so that transactions are secure, fully compliant with international payment and data privacy standards. As yet, that's not happening."

Credit: Hybrid Resi

Credit: PREM Group

HOT SEAT -

WITH STEVE FREY OF OASIS

Join us as we put a CEO in the spotlight...

Why a stagnant global economy needs to start growing, and quickly

The financial economic landscape is worrying in most global economies. What impact is that going to have in the short to medium terms in the UK and the U.S.?

Most U.S. cities don't have the equivalent of, say Canary Wharf, where the demand is so focused on one particular area of a city.

In the U.S. corporate housing operators will rent a handful of apartments in one location, a handful in another location and then disperse the demand around the city. So, depending on where the client may have needs you have something in all areas of the city, which is much harder to do if you're actually putting up a building.

I don't know where development activity will take place, primarily because the economic outlook is so uncertain, especially when you're using private equity capital to build serviced apartments. They could wait to see where economic activity starts to improve before funding more buildings.

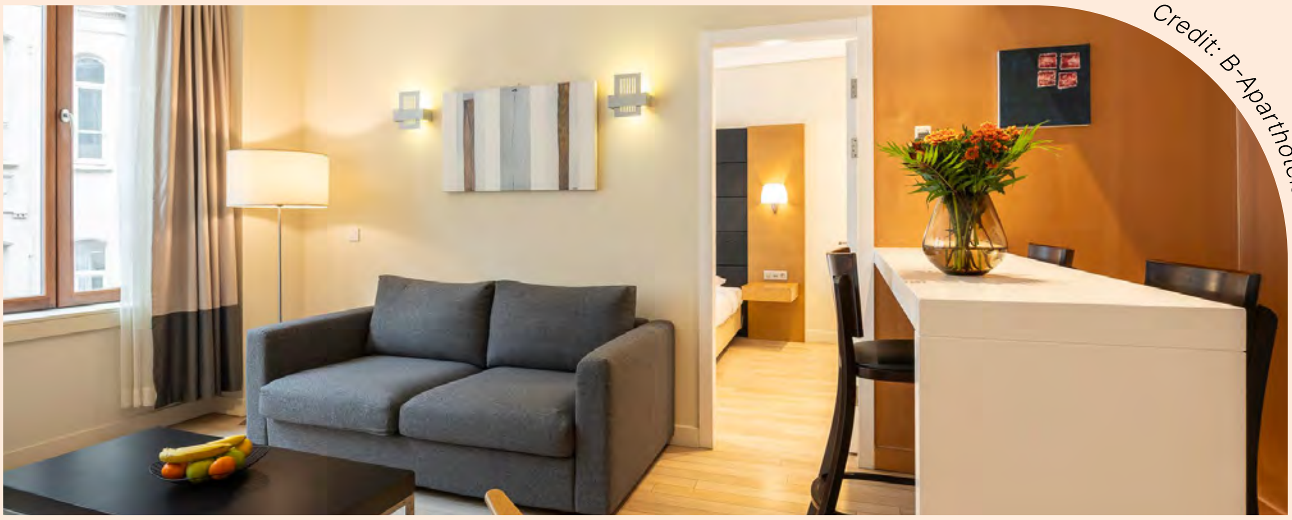
How will the results of the upcoming US election impact the serviced apartment and corporate housing sectors?

Canadian comedian Dave Chappelle was asked what the first thing he'd do if Donald Trump gets elected. "*Get a significant tax break*" Chappelle replied. If Joe Biden is re-elected, his tax plan is to double capital gains tax. That could be stifling to corporate housing when there is pent-up demand but limited supply.

That demand gave many people their best year ever in 2022, so if the central banks all over the globe start to raise interest rates, there's going to be an inflationary effect. If you stall the economy, the next thing is the biggest global employers start laying off tens of thousands of people, which slows relocation and mobility and hinders industry growth.

What are your hopes and fears for the next 12-24 months?

My hopes are my fears. We are in a stagnant economy which could become highly recessionary. My hopes are that there's no more war between Russia and Ukraine, or China and Taiwan, and the situation in the Middle East calms down. Then we can get interest rates down. On both sides of the Atlantic, tax policies more conducive to economic growth would give the serviced apartment market the boost it needs.



Credit: B-Aparthotels

THE LAST WORD

We wrap up this edition of GSAIR with some additional comments from our contributors.

This year we've had an unprecedented number of buyers, intermediaries and operators take up our invitation to contribute to GSAIR's editorial. Unfortunately, we've not been able to accommodate them all in the compilation of our written articles, so we've created The Last Word, so they can do just that.

"Our model is to lease residential properties. There's massive demand and under supply of properties, so we've got a problem where our rents are skyrocketing every week. I'm hearing stories of AUD100-200 per week increases because there is no knowing when new supply is coming into the market. Our corporate clients are having to react to that."

Duncan Adams
Managing Director
Astra Apartments

"In the Middle East, where most Rotana properties are located, demand is growing for serviced apartments with a twist towards hotels. A lot of our serviced apartment branded properties are located next to or near to a Rotana hotel, so our serviced apartment guests can use our hotels' facilities."

Rick Schultheis
Area Director of Sales UK, Ireland & Nordics
Rotana Hotels and Resorts

"I don't see temporary living as something that's going to either go away or never be used again. There will be changes to the market; like providing assignees with new household goods because people don't want to ship their goods anymore. Assignees want to be more remote and more flexible."

Rico Lopes
Director Supplier Development
Graebel

"Diversification has been good for the market. Some of the larger hotel chains now have one eye on the serviced apartment sector because they want a piece of the pie. They're investing in standalone residential properties which they are servicing. If anything good came out of Covid, it was the fragmentation of the workplace. Employees and contractors can work anywhere, stay longer, and have a mixture of business, which is a real benefit to a city like London."

Max Slaght
Co-Founder
Domus Stay

"To be honest I'm surprised there hasn't been more consolidation amongst operators in the last year, but it is imminent. The smaller operators will be snapped up by bigger players. I also think we will see the trend towards smaller serviced apartments with larger units diminishing as operations try to squeeze more rooms per square foot."

Evelyn Haran
COO (UK) and PREMIER SUITES Brand Standards Manager Europe
PREM Group

"I'm not sure travellers' needs have changed that much, although their expectations are probably slightly different from 15-20 years ago. They expect to walk in and be able to hook up to the Wi-Fi without any complications. They also expect there'll be certain things in the fridge waiting for them when they arrive. There's probably a keener sense of entitlement amongst people who travel these days, but the fundamentals remain the same. Is the apartment safe? Is it clean?"

Daniel Cockton
VP – Global Travel Services
Wood PLC

"The are two issues to consider where serviced apartments are concerned. First, as a long stay product, they have traditionally been offline. Having been developed in the 60s and 70's, the GDS has its limitations too. That's why the airlines created NDC. Things are changing but the GDS was never created for serviced apartments. Hotels are getting around these limitations with direct connects, and I think that's the future for serviced apartments too."

Dusko Kain
Corporate Land Supply Manager – EMEA
Flight Centre Travel Group

"To reach the next stage of ESG adoption requires collaboration between different sorts of organisations sharing data and showing how positive change does make a difference. Demonstrating what's working and what isn't, and how it can be done. This is not a tick box or a marketing exercise. This is something that really matters."

Gavin Carruthers
Partner Relationship Lead – Europe
K2 Corporate Mobility

"There's an awful lot of people that are still thinking about sustainability but are waiting for some silver bullet technology, but don't necessarily know what to do about it."

David James Wright
Portfolio Development Manager & Sustainability Officer
Mansley Serviced Apartments

"Temporary housing providers are lowering prices to get people in, and rents paid. They are having to pivot. My prediction is that (international) travel is going to slow down. Collectively we have to be creative and pivot away from A+ buildings to find buildings that maybe don't have the latest bathroom, but that we can make look pretty. We are also going to have to move pretty quickly to differentiate ourselves."

Barbara Hale
President
dluxSuites

TOP DESTINATIONS AND RATES

The following rates tables reflect the average rate for studios, 1 bedroom and 2 bedroom apartments from 1st May 2023 to 30th April 2024. Rates have been arrived at using the booking data of SilverDoor.

All rates are nightly, based on the length of stay noted. Rates are inclusive of local taxes, except for the UK where rates exclude VAT.

Rate anomalies across apartment categories can typically be attributed to booking volumes in that category, seasonal variations, or star rating variables.

Abu Dhabi	7 - 29 nights	30 - 89 nights	90 nights +
Studio	AED 410	AED 396	AED 337
1 bed	AED 488	AED 446	AED 404
2 bed	AED 852	AED 704	AED 647

Amsterdam	7 - 29 nights	30 - 89 nights	90 nights +
Studio	EUR 166	EUR 166	EUR 166
1 bed	EUR 203	EUR 202	EUR 192
2 bed	EUR 318	EUR 294	EUR 287

Auckland	7 - 29 nights	30 - 89 nights	90 nights +
Studio	NZD 227	NZD 227	NZD 184
1 bed	NZD 270	NZD 265	NZD 235
2 bed	NZD 420	NZD 355	NZD 316

Bangalore	7 - 29 nights	30 - 89 nights	90 nights +
Studio	INR 9,322	INR 8,422	INR 8,094
1 bed	INR 10,739	INR 10,292	INR 10,023
2 bed	INR 16,680	INR 16,628	INR 16,313

Barcelona	7 - 29 nights	30 - 89 nights	90 nights +
Studio	EUR 156	EUR 113	EUR 85
1 bed	EUR 156	EUR 141	EUR 141
2 bed	EUR 178	EUR 157	EUR 159

Berlin	7 - 29 nights	30 - 89 nights	90 nights +
Studio	EUR 121	EUR 106	EUR 105
1 bed	EUR 190	EUR 148	EUR 155
2 bed	EUR 523	EUR 227	EUR 159

Birmingham	7 - 29 nights	30 - 89 nights	90 nights +
Studio	GBP 87	GBP 82	GBP 86
1 bed	GBP 94	GBP 90	GBP 85
2 bed	GBP 136	GBP 128	GBP 118

Buenos Aires	7 - 29 nights	30 - 89 nights	90 nights +
Studio	USD 79	USD 78	X
1 bed	USD 105	USD 98	USD 106
2 bed	USD 142	USD 145	USD 149

Cape Town	7 - 29 nights	30 - 89 nights	90 nights +
Studio	ZAR 2,135	ZAR 3,125	ZAR 2,127
1 bed	ZAR 2,698	ZAR 2,096	ZAR 1,727
2 bed	ZAR 4,250	ZAR 3,400	ZAR 2,250

Dubai	7 - 29 nights	30 - 89 nights	90 nights +
Studio	AED 592	AED 491	AED 455
1 bed	AED 728	AED 629	AED 569
2 bed	AED 1,032	AED 912	AED 883

Dublin	7 - 29 nights	30 - 89 nights	90 nights +
Studio	EUR 151	EUR 159	EUR 160
1 bed	EUR 179	EUR 173	EUR 173
2 bed	EUR 224	EUR 206	EUR 217

Edinburgh	7 - 29 nights	30 - 89 nights	90 nights +
Studio	GBP 140	GBP 136	GBP 110
1 bed	GBP 161	GBP 142	GBP 133
2 bed	GBP 211	GBP 177	GBP 164

Hyderabad	7 - 29 nights	30 - 89 nights	90 nights +
Studio	INR 6,397	INR 7,971	INR 4,704
1 bed	INR 12,807	INR 10,965	INR 11,792
2 bed	INR 19,398	INR 19,309	INR 21,656

London	7 - 29 nights	30 - 89 nights	90 nights +
Studio	GBP 161	GBP 152	GBP 140
1 bed	GBP 207	GBP 193	GBP 179
2 bed	GBP 322	GBP 285	GBP 274

Madrid	7 - 29 nights	30 - 89 nights	90 nights +
Studio	EUR 120	EUR 118	EUR 105
1 bed	EUR 147	EUR 141	EUR 130
2 bed	EUR 187	EUR 170	EUR 159

Manchester	7 - 29 nights	30 - 89 nights	90 nights +
Studio	GBP 89	GBP 86	GBP 81
1 bed	GBP 107	GBP 101	GBP 98
2 bed	GBP 154	GBP 139	GBP 131

Mumbai	7 - 29 nights	30 - 89 nights	90 nights +
Studio	INR 12,683	INR 9,305	INR 11,513
1 bed	INR 12,700	INR 11,440	INR 11,679
2 bed	INR 26,890	INR 19,389	INR 19,575

Munich	7 - 29 nights	30 - 89 nights	90 nights +
Studio	EUR 135	EUR 115	EUR 120
1 bed	EUR 181	EUR 151	EUR 146
2 bed	EUR 264	EUR 258	EUR 240

New York	7 - 29 nights	30 - 89 nights	90 nights +
Studio	USD 325	USD 262	USD 245
1 bed	USD 388	USD 332	USD 310
2 bed	USD 600	USD 512	USD 456

Paris	7 - 29 nights	30 - 89 nights	90 nights +
Studio	EUR 178	EUR 135	EUR 112
1 bed	EUR 236	EUR 185	EUR 179
2 bed	EUR 397	EUR 290	EUR 263

Singapore	7 - 29 nights	30 - 89 nights	90 nights +
Studio	SGD 281	SGD 237	SGD 226
1 bed	SGD 344	SGD 292	SGD 279
2 bed	SGD 582	SGD 442	SGD 373

Sydney	7 - 29 nights	30 - 89 nights	90 nights +
Studio	AUD 253	AUD 255	AUD 239
1 bed	AUD 283	AUD 270	AUD 252
2 bed	AUD 385	AUD 394	AUD 379

Tokyo	7 - 29 nights	30 - 89 nights	90 nights +
Studio	JPY 36,668	JPY 17,139	JPY 14,674
1 bed	JPY 69,274	JPY 24,719	JPY 24,082
2 bed	JPY 85,260	JPY 34,503	JPY 33,909

DIRECTORY LISTING

Adagio

adagio-city.com **+33 (0)1 55 26 32 00**
Discover Adagio. The city made easy in comfortable flats with services included. Choose from over 125 aparthotels in the heart of the cities.

AptsLatam

aptslatam.com **+57 320 339 7773**
AptsLatam, an award-winning provider of corporate housing and serviced apartments in Latin America and the Caribbean, offers tailored solutions and first-class support for single and group moves, ensuring a seamless experience.

Ariosi

ariosi.com **+44 (0)20 8168 8168**
A specialist serviced apartment consultancy and the home of OrbiRelo and GSAIR. We aspire to be the place you come to access accurate and up to the minute insights, advice, support, and training resources.

Astra Apartments

astraapartments.com.au **+61 (0)2 8231 6624**
Since 2001, Astra Apartments has specialised in creating better experiences for extended stays. Our urban footprint extends over 550, full-sized corporate apartments in major cities across Australia and New Zealand.

dluxSuites

dluxsuites.com **+1 248 676 0876**
We are redefining corporate furnished housing by curating memorable experiences one luxury stay at a time.

Domus Stay

domusstay.com **+44 (0)20 8168 8880**
Short stays with a difference. Domus Stay brings together exceptional, design-led homes across London with dedicated guest services and handpicked experiences from its black book.

edyn

findingedyn.com **+44 (0)117 242 0492**

Edyn combines boutique hotel design with serviced apartment flexibility in a trailblazing 'aparthotel' concept, creating vibrant, local experiences. The hybrid approach meets modern travellers' needs, defining the future of serviced apartments.

Hybrid Resi

hybridresi.com **+44 (0)20 3488 2904**

We are a UK-based company offering serviced apartments in Greater London. Our modern, fully furnished accommodation combines hotel conveniences with extra space, comfort, privacy, and amenities like split-screen monitors for remote work.

Mansley Serviced Apartments

bymansley.com **0800 304 7160**

Mansley Serviced Apartments currently operate seven properties across London, Edinburgh, Inverness & Cheltenham.

Oasis

staywithoasis.com **+44 (0)20 3608 1863 (International HQ)**
+1 813 489 5144 (US HQ)

As a leading global temporary housing agency Oasis connects you with over 600,000 units. Our dedication to quality control and ongoing service throughout ensures you always have an extraordinary stay.

OrbiRelo

orbirelo.com **+44 (0)1524 428 298**

A versatile multi-agent aggregator platform which specialises in temporary living accommodation solutions. Access to over 1 million temporary living properties globally via multiple agents. Powered by technology. Superpowered by humans.

PREMIER SUITES

premiersuiteseurope.com **+44 (0)151 227 9467**

Spacious serviced apartment living in 15 hand-picked city destinations.
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SilverDoor

silverdoor.com **+44 (0)20 8090 8090**

The world's leading corporate accommodation agent providing businesses across the globe with an unrivalled service and intuitive technology for an outstanding booking experience.

The Residence

residenceapartments.com **+44 (0)20 7052 4527**

The Residence offers modern, spacious serviced apartments with sleek interiors, equipped kitchens, and luxurious queen beds.
Centrally located in London for business, relocation, or vacation.
Your home away from home!

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THE GLOBAL SERVICED APARTMENT
INDUSTRY REPORT

GSAIR 11TH EDITION

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Your trusted guide to the serviced apartment industry

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