

THE
**APARTMENT
SERVICE**
WORLDWIDE



The Global Serviced Apartments Industry Report 2016/17

in association with

aka.

Churchill
Living

 **FRASERS**
HOSPITALITY


QUEST
APARTMENT HOTELS

atINreport

We make it happen

With a cooperative and consultative approach to providing the best accommodation for business travel, relocation, global mobility or projects

The TAS Alliance brings together the most connected brands who work 24/7 to provide a 100% secure, trusted, safe and reliable global solution, all powered by a common technology platform

Our teams are looking forward to helping you maximise your potential, whether you are a buyer, an individual operator or a global brand

www.theTASalliance.com



corporate housing factory by



staying cool



Powered by The Apartment Service



The Global Serviced Apartments Industry Report 2016/17

In association with AKA, Churchill Living, Frasers Hospitality & Quest Apartment Hotels
6th edition

Published by
The Apartment Service
5 – 6 Francis Grove
Wimbledon
London
SW19 4DT
United Kingdom

www.apartmentservice.com

Compiled by Travel Intelligence Network
www.the-tin.com
Designed by Creativo
www.creativodesign.co.uk

Disclaimer

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

Confidentiality Notice

Copyright © 2016 by Room Space Limited t/a The Apartment Service. All rights reserved. This document or any portion thereof may not be reproduced or used in any manner whatsoever without the express written permission of the Company. This document is intended for the person it is addressed to only. The information contained within is strictly confidential and/or protected by law. If you are not the intended recipient of this document you must not make any use of this information, copy, store, disclose or show it to any unauthorised person.



Contents

Report methodology	3
Acknowledgements & sources	4
Glossary of terms	5
About The Apartment Service	6
Commentary – Charles McCrow	8
Future outlook – Jo Layton	20
Corporate perspective – Catherine Chetwynd	22
Redefining the guest experience – Martin Kubler	24
Risk and solutions – Paul Coleman	25
Association perspectives	27
Supply and the brand landscape – Bard Vos	31
Brand landscape – George Sell	33
Partner perspectives	36
The digital experience – Mark Harris	44
Regional reports global overview	48
Regional reports	51
Report conclusions	102
Brand profiles	104
List of charts and tables	116

Report methodology

The 2016/17 edition of the Global Serviced Apartments Industry Report (GSAIR) has been responsibly compiled from a range of primary and secondary global sources, both in or closely aligned to the serviced apartments sector.

Over 40 industry buyers, suppliers, consultants and trade association representatives were interviewed for this edition of the report by our team of writers.

Their opinions and assessments are reflected throughout. Each provides a valuable insight into local, regional and global demand and supply trends, together with an in-depth look at regional variations developing in their areas.

We always strive to fill The Global Serviced Apartments Industry Report with facts and figures about the market. As in previous editions, much of the data presented here comes from the survey undertaken especially for this report by Bard Vos at The Apartment Service.

The survey for this edition of the report was carried out in March 2016 amongst 6,000 corporates, 2,000 serviced apartment operators and 1,800 agents.

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

All other information sources are fully attributed and include other publicly available reports and research around the serviced apartments sector or the wider hospitality industry. In all cases, we present the latest figures available within the market. However, where 2015 or 2016 data has not been available, we have used 2014 figures instead.

Editorial team



Mark Harris (Contributing Editor)

Mark Harris joined the business travel industry in 1990 and has been a Director of Travel Intelligence Network since 2005. A former Head of Marketing at ITM, he was voted the business travel industry's Personality of the Year in 2006. TIN's output has included the Global Serviced Apartments Industry Report, Meetings Industry Report, 40+ white papers, several client magazines, The Serviced Apartment Awards and The People Awards. Mark writes regularly for trade magazines and moderates industry events. After lunch he is chairman of Witton Albion FC and the Evo-Stik Northern Premier League.



Charles McCrow

Charles has been the driving force behind The Apartment Service's 35 year growth. With a background in property development and construction, Charles is a long standing member of several industry bodies and a founder member of the UK's Association of Serviced Apartment Providers (ASAP). Under his leadership the company has been at the forefront of innovation in the sector, the latest example of which is the TAS Alliance. Charles' investment in technology and people has helped power the growth of the serviced apartment industry, resulting in the launch of the sector's first alliance of independent operators to provide an end-to-end solution for buyers and travellers globally.



Bard Vos

Bard Vos has been at The Apartment Service since 1996, becoming Reservations Manager in 1997 and then joining the marketing team in 2004 where he has been involved in all the company's marketing activities. Bard has researched and monitored all the global suppliers in the serviced apartment sector during this time and written for all six editions of the Global Serviced Apartments Industry Report, including maintaining the Global Serviced Apartment listing and Rate Overviews in key cities.

Acknowledgements

Contributors

Abi Adisa, *Amara Suites*
Prof Chris Anderson, *Cornell University*
Charlie Bingham, *Murphy's Corporate Housing*
Loraine Berry, *Lanson Place*
Simone Buckley, *Institute of Travel & Meetings*
Kevin Carr, *UBS*
Paul Coleman, *TERN Financial Group*
Lee Chee Koon, *The Ascott Ltd*
Leigh Cowlshaw, *HBAA*
Bill Duncan, *Homewood Suites*
Paul East, *Wings Travel*
James Foice, *ASAP*
James Fry, *Base Nyon*
Juha Hämäläinen, *Forenom Norway*
Marie Hickey, *Savills*
Ufi Ibrahim, *British Hospitality Association*
Jan Jacobsen, *AIG*
Mak Hoe Kit, *Frasers Hospitality*
Martin Kubler, *iConsult Hotels*
Karen Lewis, *DAC Beachcroft*
Diane Mayer, *Marriott*
Catherine McGavock, *GBTA*
Pilar Morais, *CHI International*
Vangelis Porikis, *Apart-hotels Adagio*
Paul Rands, *BridgeStreet Hospitality*
Zed Sanjana, *Quest Apartment Hotels*
Carl Shepherd, *HomeAway*
Chloe Peng Sim, *Frasers Hospitality*
Peggy Smith, *Worldwide ERC*
Wilfried Steffen, *Daimler Group*
Max Thorne, *JLL*
Rebecca Hollants van Loocke, *The Ascott Ltd*
John Wagner, *Cycas Hospitality*
Sam Welch, *Capita Travel & Events*
Paul Yang, *Space Design Inc*
Elie Younes, *Carlson Rezidor Hotels*

With additional thanks to spokespeople from
Oakwood and Hilton

Sources

Amadeus m-Power
American Express - *Global business travel forecast (2016)*
Asianhospitality.com
Association of Corporate Travel Executives
Association of Serviced Apartment Providers
Boardinghouse Consulting
Booking.com
Brafton
British Hospitality Association
Brookfield - *Global mobility trends survey (2015)*
Cartus - *Policies & priorities survey (2015)*
Colliers International - *MEA serviced apartments (2015)*
Colliers International - *MENA hotel forecasts (2016)*
Corporate Housing Providers Association - *Corporate housing report (2015)*
Crown Mobility - *World mobility perspectives; global mobility trends (2016)*
Cushman & Wakefield - *Serviced apartment snapshot, Vietnam (2015)*
eDigitalresearch.com
eMarketer.com
Euromonitor International - *Top 100 city destinations (2015)*
Euromonitor International/WTM - *Global trends report (2015)*
European Relocation Association
Facebook
Global Business Travel Association
Foundation - *Extended stay accommodation: awareness, supply & demand (2015)*
Ghana Tourist Authority
Graebel - *Special report on apartments and emerging markets (2013)*

Greenberg & Rogerson – *The serviced apartment industry of South Africa (2015)*
 Hospitalitybizindia.com
 Hotel Booking Agents Association
 Hubspot
 HVS – *Proliferation of serviced apartments in Nairobi, Kenya (2015)*
 HVS – *Serviced apartments in Europe - at the crossroads between niche and mainstream (2015)*
 ITB/IPK International – *World Travel Trends Report (2015)*
 ITB – *World Travel Monitor (2015)*
 Institute of Travel & Meetings
 Instagram
 International Monetary Fund
 KPCB
 L2
 National Property Information Centre
 Nielsen

Pacific Asia Travel Association
 PwC – *Talent & mobility; 2020 and beyond (2015)*
 Research & Markets
 ReviewPro
 Savills – *Extended stay UK; stock set to double (2015)*
 Search engine journal
 Serviced Apartment News
 Simply Measured
 STR Global
 Thooz.com
 Tourism Investor
 TripAdvisor
 Twitter
 W Hospitality Group – *Hotel chain development pipelines in Africa (2016)*
 World Bank
 Worldwide ERC – *Mobility Brazil (2014)*
 Xe.com

Glossary of terms

A number of acronyms or abbreviations are used in this report. These are as follows.

ADR	Average Daily Rate
API	Application Process Interface
CBD	Central Business District
CPOR	Cost Per Occupied Room
CPAR	Cost Per Available Room
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortization
GDS	Global Distribution Systems (e.g. Amadeus, Galileo, Sabre)
GDP	Gross Domestic Product
GRI	Global Review Index
GSAIR	Global Serviced Apartments Industry Report

HSR	Hotel Supply Ratio (i.e. number of hotel rooms per '000 population)
MNC	Multi-National Company
Occupancy	Percentage of occupied bedrooms in a hotel during a set period
OTA	Online Travel Agent (e.g. Expedia, Hotels.com)
RevPAR	Revenue Per Available (hotel) bedroom
RMC	Relocation Management Company
SLA	service Level Agreement
TMC	Travel Management Company (e.g. CWT, HRG etc)
USP	Unique Selling Point
WTTC	World Travel & Tourism Council



About The Apartment Service

The Apartment Service has always led the way in openly promoting awareness of the sector. First in producing printed annual guides of Serviced Apartments and then online through the internet as the 'leading information platform'. In 2008 The Apartment Service presented to the community for the first time, the recognised and respected 1st edition of GSAIR (The Global Serviced Apartment Industry Report).

The Apartment Service as an agent realised quickly the clients' need for smart data, analytics, dynamic pricing and cost control. A robust, managed and secure supply chain and flexible payment options with agreed terms and conditions, ensured its clients were supported across business travel, project management, relocation and global mobility.

Major and continued investment in the most tailored and bespoke systems that provide 100% transparency, raw data and traveller tracking that can be uploaded in a range of secure formats has ensured a consistently high level of satisfaction for procurement, travel managers, bookers and travellers alike.

Looking back...

In 1981, The Apartment Service began as a specialist department within Expotel, a major corporate UK hotel booking agency, sourcing and managing serviced apartment accommodation for companies and their extended stay travel and relocation assignments needs.

In the early 1990s, The Apartment Service became an independent agency and quickly grew into a worldwide network of 36 major agents and rebranding as The Apartment Service Worldwide Network.

Network partners met annually and co-operated in sourcing, inspecting and negotiating with local accommodation providers on behalf of the whole network whilst also marketing outbound accommodation services to both agencies and corporates in their regions. The principal means of

communication at this time was the fax, or by telephone when time zones allowed.

By the turn of the millennium however, the distribution scene had changed significantly due to the arrival of the World Wide Web and once internet speeds had picked up to a reasonable level, restructuring took place.

Simultaneously, the serviced apartment sector also grew hugely as the need for longer stay accommodation expanded due to commercial globalisation and also as the world's major cities transformed into multi-cultural communities. Travellers that were previously confined to a hotel room for more than a week soon recognised the advantages of serviced apartments and they still are great supporters of more space at a lower cost.

Spotting a lack of options for longer stays in locations with strong demand led The Apartment Service to launch the brand of 'Executive Room-space', a corporate housing brand now recognised as 'Roomspace', followed by 'CAS Solutions' (Complete Accommodation Solutions) which utilised established partnerships with destination service providers to manage long term rentals.

The Future...

The Apartment Service has invested in bringing into the business the most respected, motivated, inspired, experienced and focused senior global management team leaders over the last 3 years. These team members are committed to growing, developing and driving the business forward through sustainable processes, accountability and responsible business ethics all the while ensuring this is achieved with a fun, can-do attitude.

Investment in growth is and continues to be substantial, with the opening of offices in Lisbon, Madrid, New York and the most recent in Singapore, enabling The Apartment Service to evolve into a true global agency with five multi-lingual offices across three time zones servicing global travellers whenever and wherever they need assistance.



2003



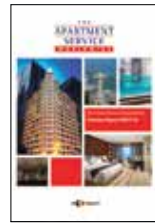
2008



2010



2012



2013



2015



Roomspace delivers consistent products with high-level service adding significant value and providing the best options for extended stay travellers.

The Roomspace brand (originally Executive Roomspace) was created to meet the growing demand for long-term stays across London and the UK regional cities that The Apartment Service could not originally source solutions in.

Now boasting over 460 managed apartments in the UK, Spain and Portugal, Roomspace was the first UK brand to expand into mainland Europe. The current operational hubs in England, Spain and Portugal will continue to expand into new countries, always catering for project housing and longer stays.



Typically dealing with assignments of 6 months or more, CAS (Complete Accommodation Solutions) creates tailored solutions by sourcing suitable accommodation for individual or group needs; negotiating tenancy terms and conditions and arranging all services.

CAS clients enjoy maximum flexibility and cost savings, making the accommodation element of relocation or assignment working convenient, cost effective and trouble-free for buyer, booker and guest alike.

CAS was launched to provide custom-managed homes to meet the needs of relocation assignees in any location, globally. CAS sources, creates and manages accommodation to match the precise needs, length of stay and budget requirements of both individuals and groups, backed by full MI (Management Information) and reporting.



A landmark moment in the world of serviced apartments.

The Apartment Service launched The TAS Alliance in February 2014, bringing together a global selection of serviced apartments operators under a single representation, distribution and marketing strategy, all powered by a common technology platform.

Our members and partners, representing over 75,000 apartments, work co-operatively to look after The TAS Alliance guests moving across the globe.

Corporate clients are able to access a fully connected supply chain to meet their serviced apartment and corporate housing needs in any location. Each TAS Alliance member shares our vision and commitment to quality and service.

As the buying community becomes more interested in delivering serviced apartment options as part of their accommodation programmes, customers are also demanding total connectivity.

To secure corporate business, serviced apartment operators have to find ways to implement every aspect of a travel policy, from traveller tracking to centralised booking and problem resolution, this is where The TAS Alliance provides the necessary platform.

The launch of The TAS Alliance marked the next stage in the evolution of serviced apartments by bringing a long standing vision to life and truly creating a landmark moment in the world of serviced apartments.

Commentary

by Charles McCrow, CEO, The Apartment Service



THE WORLD OF SERVICED APARTMENTS CONTINUES TO EVOLVE ...

The world of serviced apartments continues to evolve to the benefit of operators, relocation and business travel professionals alike.

Serviced apartments continue to be adopted into corporate travel and mobility programmes, although our latest research shows that whilst usage of apartments by existing clients is still growing, the rate of adoption could be slowing down.

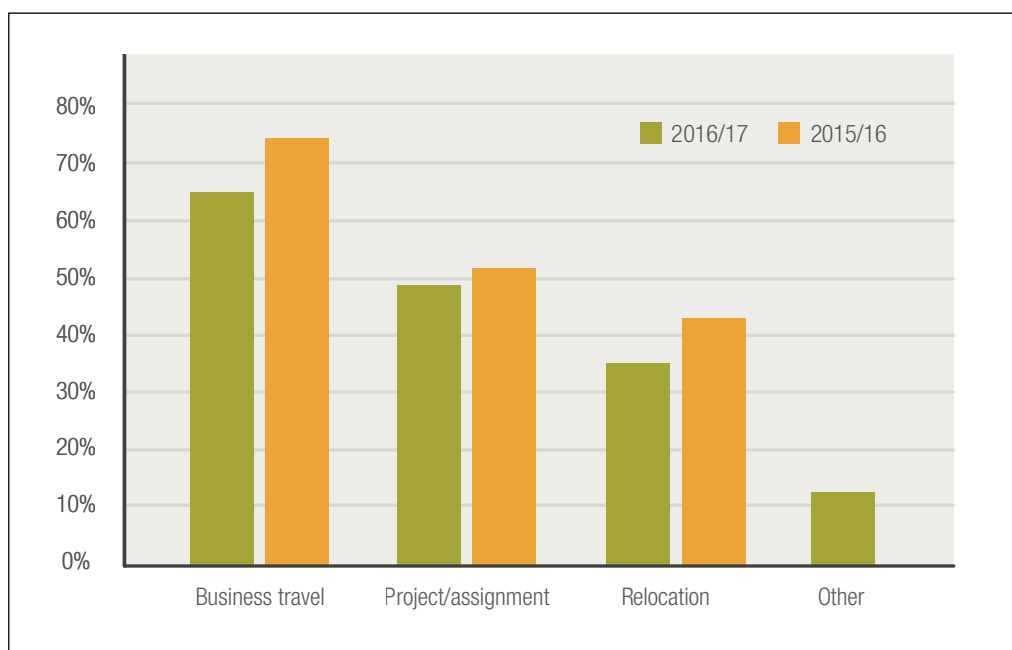
As figure 1 shows, at the time of our last report, three quarters (74.29%) of corporates were using

serviced apartments for business travel. 18 months later that figure has fallen by around 9%.

Just under half (49.24%) use apartments regularly for assignment or project work, down slightly from 51.43%. 35.61% use them for relocation, compared to 42.86% at the time of our last survey.

Figure 2 confirms that fewer corporates are taking up serviced apartments than they were 18 months ago, suggesting that the sector may need to do more to attract those corporates not yet persuaded by the benefits of hotel alternatives.

Figure 1. Serviced apartment adoption by corporates



Source: The Apartment Service

In 2015, 82.62% of corporates reported that they were making more use of serviced apartments for business travel, compared to 72.73% for assignments and 58.33% for relocation.

However in 2016, just 47.37% now report that their usage for business travel is increasing, compared to 54.9% for assignments and 30.43% for relocation. This does not suggest that interest is waning, but that mature corporate accommodation programmes now routinely include serviced apartments and that the sector is now more secure in its niche.

As awareness of the serviced apartment product has grown amongst corporates, travellers and TMCs, so too has the level of expectation. As Figure 4 shows, at 83.08% free high-speed WiFi ranks highest on corporates' priority lists, followed by (perhaps paradoxically) single occupancy (75.38%) and the scope to accommodate an entire family (49.23%). In-house services are not regarded as essential and is only a priority for 35.38% of corporates, whilst amenities are important to 32.31%.

2015 research by the Global Business Travel Association (GBTA) Foundation found that 48% of US business travellers surveyed had stayed in extended stay accommodation, whilst half of the other 52% planned to do so.

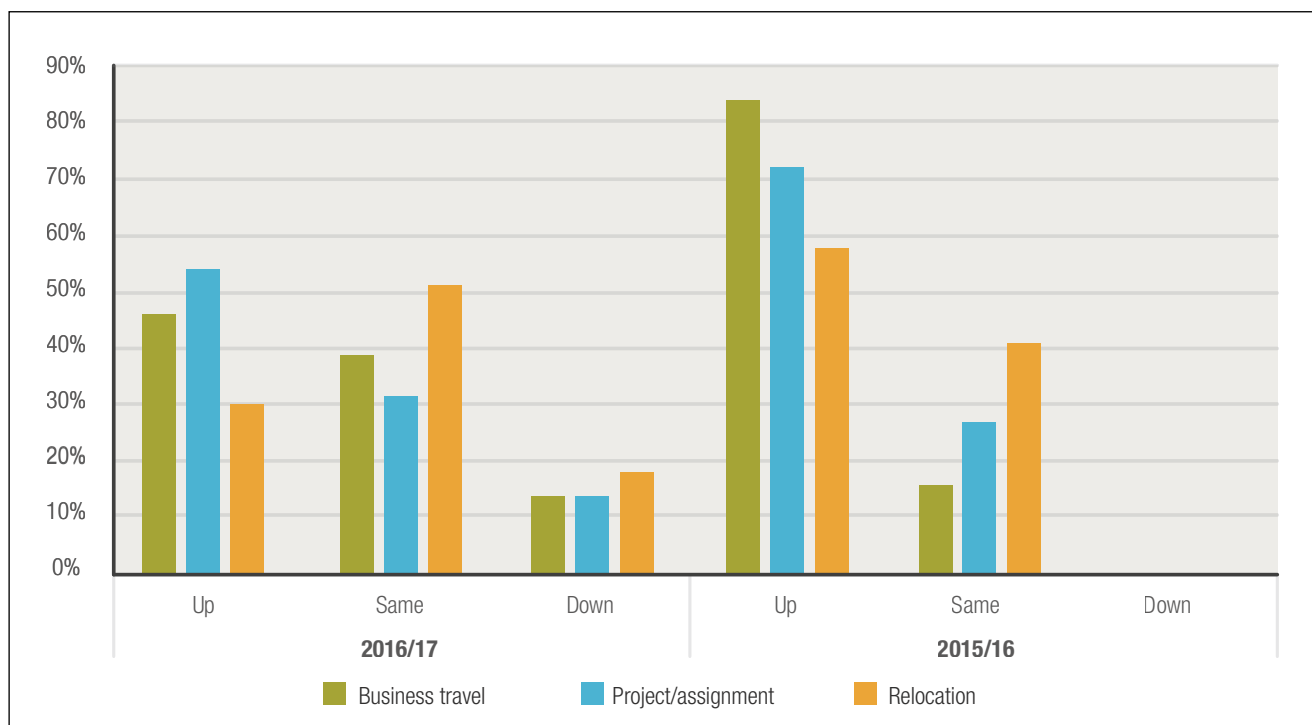
Overall, 88% of companies now use serviced apartments for one business reason or another. And yet only a half have a formal procurement process in place, suggesting that serviced apartments are either too difficult to source or book, or that they do not represent a high enough proportion of overall accommodation spend to be incorporated into annual RFPs.

As Figure 3 shows, the obstacles to adoption have not changed, with restricted supply in required locations still an issue for 65.4% of corporates, a fall of around 7% on our previous report.

The lack of a clear procurement process, inconsistent quality of product, guest services and amenities complete the list of principal barriers for corporates as they did 18 months ago.

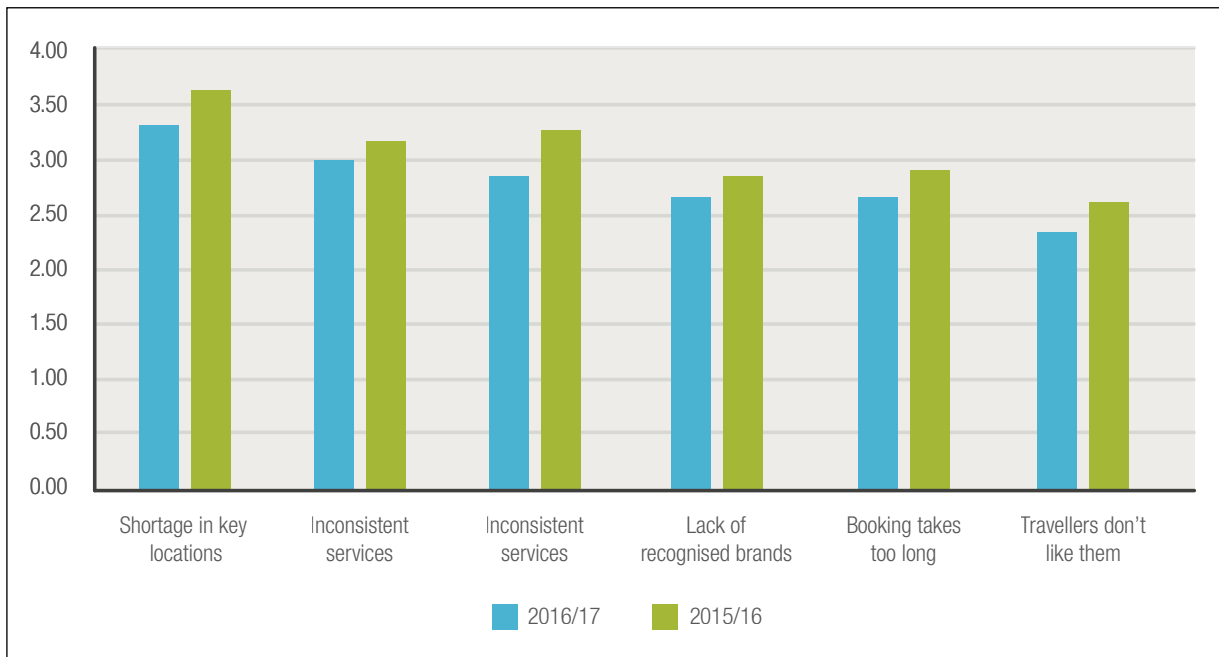
WHILST USAGE OF APARTMENTS IS STILL GROWING, THE RATE OF ADOPTION COULD BE SLOWING DOWN.

Figure 2. Serviced apartment usage by corporates



Source: The Apartment Service

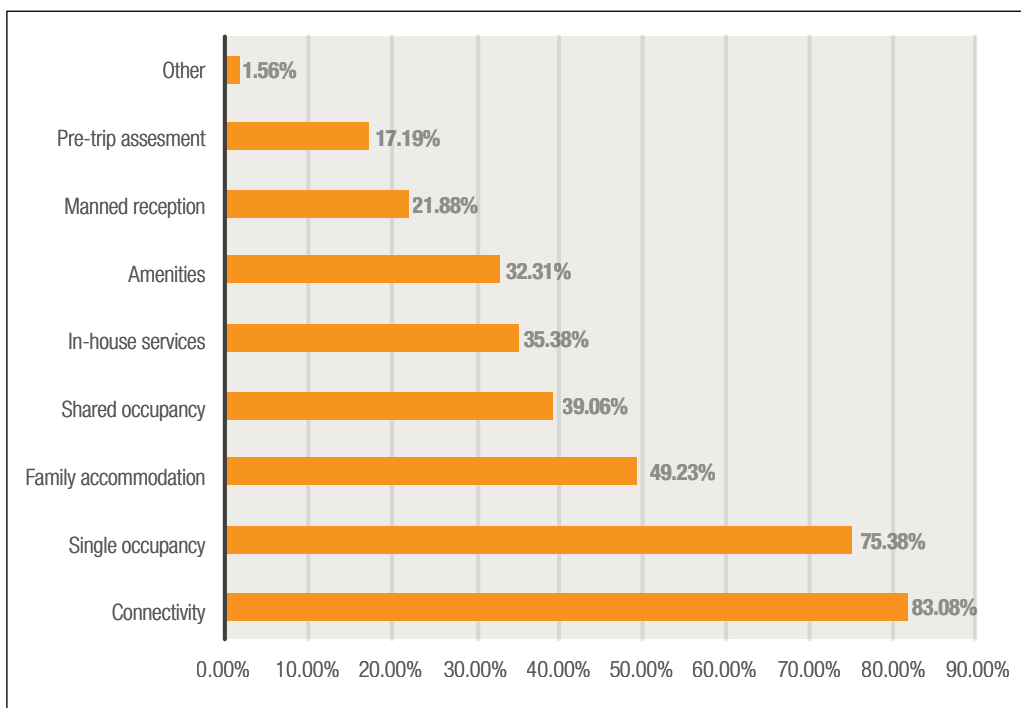
Figure 3. Obstacles to greater corporate use



Source: The Apartment Service

ONLY HALF HAVE A FORMAL PROCEDURE PROCESS IN PLACE...

Figure 4. What corporates want from a serviced apartment



Source: The Apartment Service

Growth markets

Urbanisation is a major driver of serviced apartment growth. In 1950, less than a third of the world's population lived in cities. By 2008 that figure had risen to 50% and by 2030, it is predicted that an additional 1.2 billion people will be living in urban areas.

The growth of the global economy; levels of corporate mobility, business and leisure travel continue to rise.

Whilst corporates show no sign of changing gear away from achieving maximum cost efficiencies, demand for international assignments is undiminished. According to the Brookfield 2015 Global Mobility Trends Survey, 88% of major corporates expect their international assignment population to increase or stay the same in 2016.

This picture is confirmed by PwC, who predict that by 2020 there will be a 50% increase in overseas assignments undertaken. By the same year, it is predicted that multinational companies will have, on average, assignees in 33 different countries.

As these employers expand the search for new customers, they continue to push into emerging markets too, although 74% of respondents in the Brookfield survey also reported they remain under pressure to cut costs.

Business travel is the other major source market for serviced apartments as global spending in this category continues to rise. The GBTA estimates that \$1.25 trillion was spent on corporate travel worldwide in 2015 – an increase of 6.5% on 2014 levels.

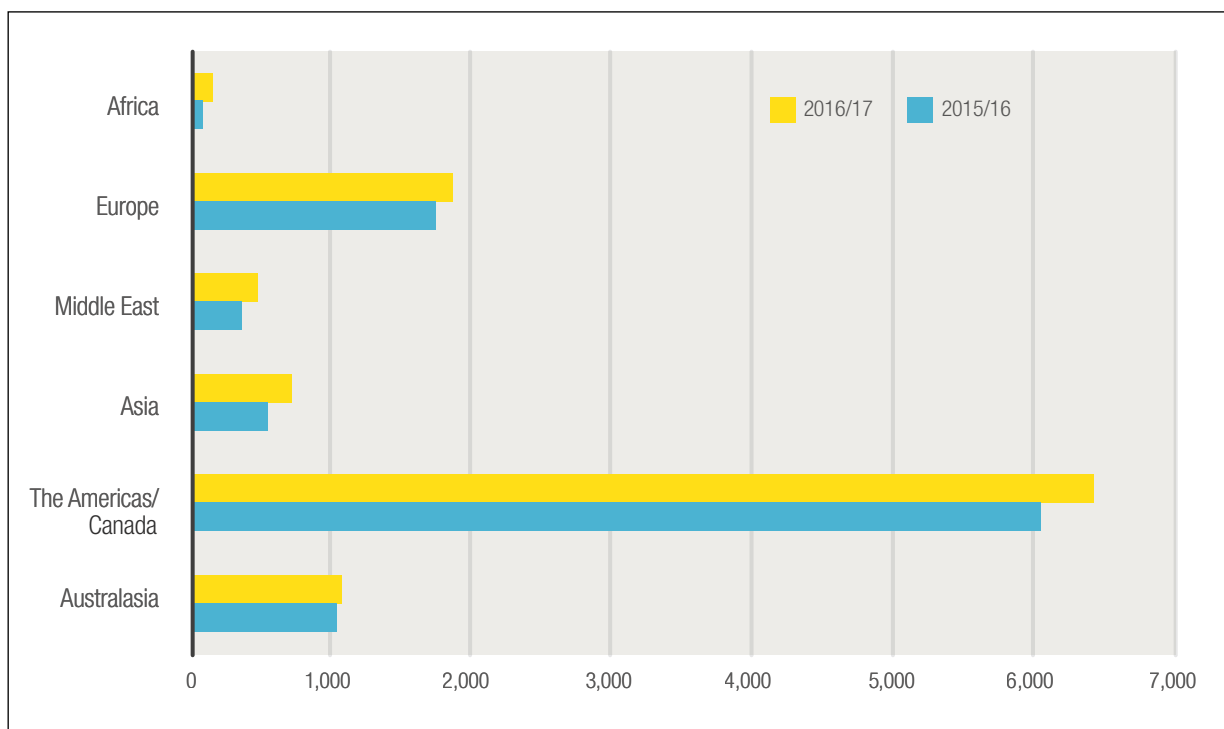
Top city destinations by visits:

1. Hong Kong
2. London, UK
3. Singapore
4. Bangkok, Thailand
5. Paris, France
6. Macau
7. Dubai, UAE
8. Shenzhen, China
9. New York, USA
10. Istanbul, Turkey
11. Kuala Lumpur, Malaysia
12. Antalya, Turkey
13. Seoul, South Korea
14. Rome, Italy
15. Taipei, Taiwan
16. Guangzhou, China
17. Phuket, Thailand
18. Miami, USA
19. Pattaya, Thailand
20. Shanghai, China

Source: Euromonitor International



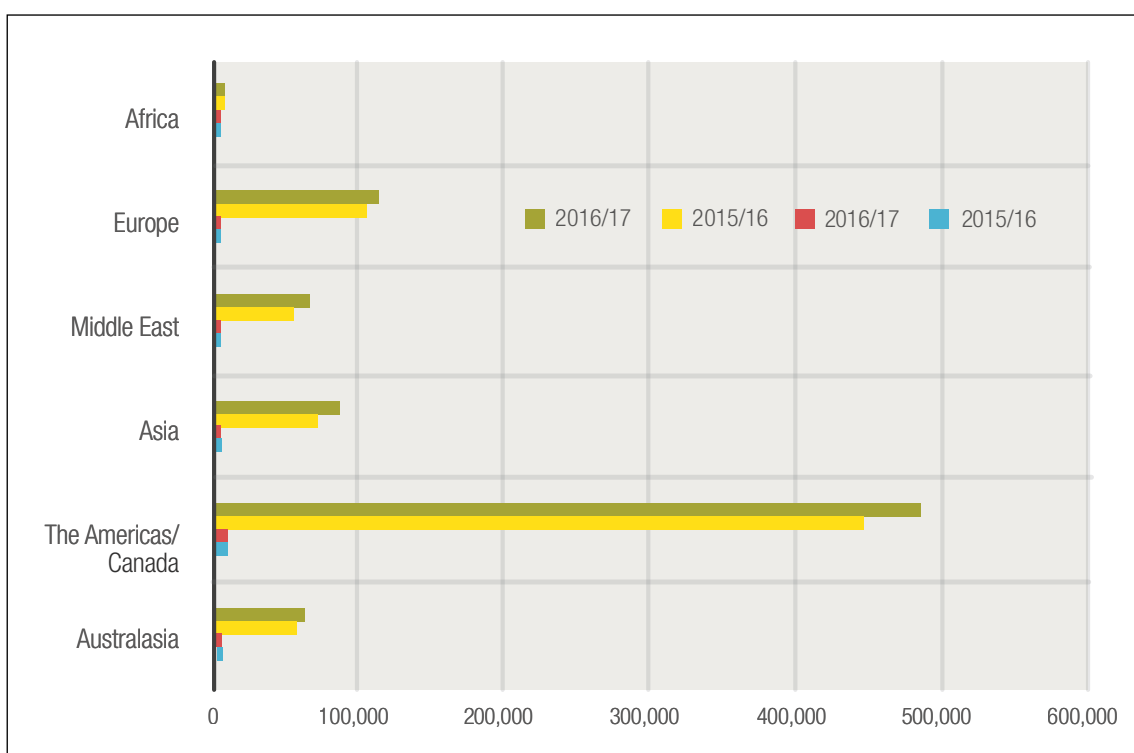
Figure 5. Serviced apartment regional totals by locations



Source: The Apartment Service

WE ESTIMATE THERE ARE 826,759 APARTMENTS WORLDWIDE – UP 10.5% IN THE PAST 18 MONTHS...

Figure 6. Serviced apartment regional totals by units



Source: The Apartment Service

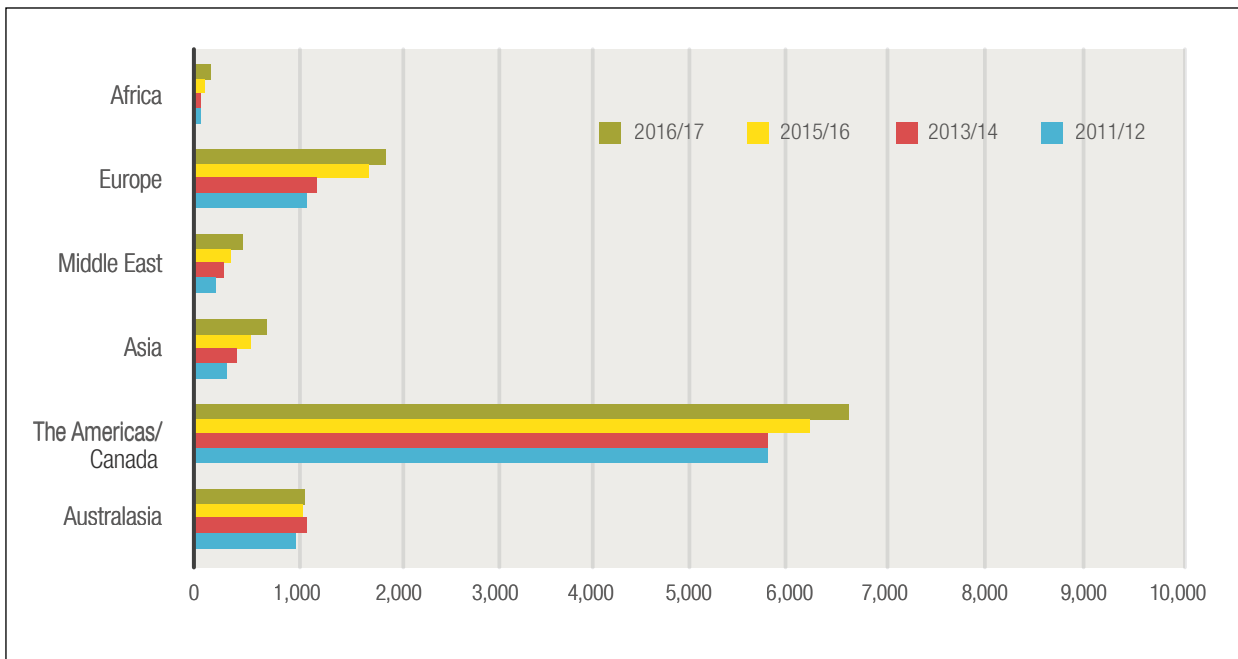
We've been tracking the growth of the sector ever since our first Global Serviced Apartment Industry Report in 2008. Back then, we estimated there were 401,997 apartments in 6,722 locations. During the intervening eight year period supply has more than doubled.

We estimate there are now 826, 759 apartments worldwide – up 10.5% in the past 18 months.

Without exception, supply has increased in every region year-on-year. Figures 5 and 6 show how supply has grown during this period, with Figures 7 and 8 showing the five year trend.

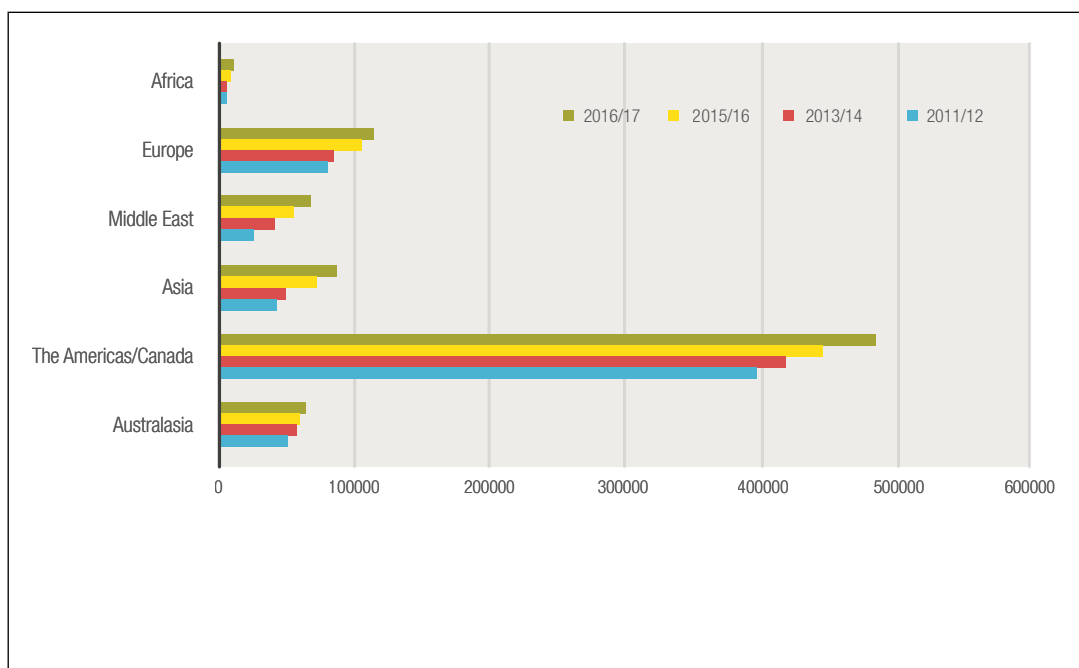
Fraser's Hospitality says its portfolio will pass the 30,000 mark in the same year, whilst Oakwood Worldwide plans to triple the number of branded properties by the end of 2016.

Figure 7. Serviced apartment totals by locations 2011 - 2016



Source: The Apartment Service

Figure 8. Serviced apartment regional totals by units - 2011 - 2016



Source: The Apartment Service

Market perspective



Max Thorne, MD - Hospitality, JLL

A significant number of transactions have been conducted since the last GSAIR as a result of greater institutional and private-backed interest in the sector. Around 50% of ASAP's members are generating profits of £500,000 - £1m EBITDA, making them receptive to mergers & acquisitions. Although investment across the hospitality sector depends on the Brexit decision I predict we will now start to see greater consolidation of the 50 or so smaller operators who lack the resources or clout to scale up.



John Wagner, Cycas Hospitality

In the past, many investors didn't understand how the sector was comparable with hotels. Now, as operators use hotel-like measures such as STR, hotel standard P&L's and CPOR and CPAR measures of costs, mainstream investors can analyse and invest with more understanding of potentials.

NEW PROPERTY IS ON THE WAY IN CERTAIN MARKETS, WHICH MAY EVEN LEAD TO OVERSUPPLY

Operators are not finding it easy to grow their inventories, reflecting the inherent difficulties obtaining finance and then finding suitable properties, although the former is gradually being alleviated by growing interest amongst institutional funds in the sector.

In the coming years it is likely that many large, city-centre properties with the potential for large numbers of apartment units, will be converted into extended stay products as hotel alternatives with low operational cost overheads.

A significant amount of new property is already on the way in many markets which will alleviate historical availability issues and may lead to over-supply in some locations as has happened in Selangor, Malaysia, where there are over 32,500 new serviced apartments in the pipeline (source: National Property Information Centre). The same could apply in London and other locations where numerous projects are already underway.

Many new developments will predominantly service the short stay (i.e. 1 - 14 nights) markets. Located in primary and secondary city centres and positioned as apart-hotels or extended stay hotels, these properties will appeal to business travellers receptive to a decent amount of space (typically around 250 sq. ft.), plus kitchenette, and a slicker booking process more akin to those deployed by hotel chains.

Of course, with greater supply comes increased competition. 42% of operators regard increased competition as the greatest challenge to their businesses which, combined with economic uncertainties, is denting their confidence a little in certain regions. Operators share our concerns that certain markets could become soft through oversupply.

Corporate housing

In locations with restricted serviced apartment supply, many organisations turn to hotels or corporate housing options for extended stays. As a niche segment, corporate housing operators have the unique ability to expand and contract their inventories according to demand. As such it is a less well-known sub-set of the serviced apartment sector.

Corporate housing is well established in the United States, where the Corporate Housing Providers Association (CHPA) estimates 2015 revenues to be \$2.9 billion, an increase of 7% on 2014 figures.

In the past, the corporate housing segment has benefited from this under-supply of mainstream extended stay hotel alternatives, but it has other competitive advantages as well. Firstly, because corporate housing product is basically residential stock, there is plenty of inventory available in the required locations where operators can lease easily and supply is not constricted. Corporate housing also offers more space (the average one bedroom unit is around 400-450 sq ft), suits families better and appeals to those wanting to cut costs by sharing two and three bedroom properties.

Naturally, there are barriers and challenges to corporate housing operators. Some relate to length of stay legislation; others to some permanent residents not wanting excessive transient activity in their communities. However demand is increasing.

Our research shows that 91% of stays booked through specialist serviced apartment agents like The Apartment Service (rather than OTAs) are for stays of 14+ nights. Of these, 43% are for one to three month stays and 19% are for over six months. Corporate housing is better suited to these longer stays which are growing in number because users are demanding more flexibility and operators are meeting these demands with new products.

42% OF OPERATORS REGARD INCREASED COMPETITION AS THE GREATEST CHALLENGE TO THEIR BUSINESSES

With 81% of operators predicting their average lengths of stay will either increase or stay the same, the corporate housing sector has the opportunity to grow if operators can crack the challenges.

For instance, in the UK availability is restricted by permanently high levels of demand for residential housing. The private rental sector (PRS) is also gaining momentum, driven by increasing equity investment funding. Wholly owned and professionally managed rental communities (PRS), similar to those in the USA, are being developed which will support the increase in supply of professionally managed rental options with services and flexibility.

Distribution, procurement & costs

A permanent conflict rages across the travel sector between buyers and sellers to which the serviced apartment sector is not immune.

On the one hand, operators want to distribute their inventory through as many channels as possible to fill space at the highest possible price. On the other, bookers want access to as many operators as possible through as few systems as possible, putting as much choice in one place at the lowest possible price.

This paradigm lies at the core of ongoing debate around online distribution costs. Occupancy comes at a price for operators. Commission rates to Online Travel Agents and to the Global Distribution System providers on whom Travel Management Companies rely, range from 15 - 24%.

Evidenced by the increasing number of hotel chains turning to TV advertising, every accommodation operator wants to minimise distribution costs by maximising direct business through direct connections to their online booking engines.

Corporate serviced apartment reservations managers are now weighing up the cost of internal supply chain management against outsourcing to a specialist provider with the capability to consolidate preferred accommodation choices into a branded portal. Only a few agents have the technology and infrastructure in place to deliver such an offering cost-efficiently which includes both an online booking capability and in meeting ad hoc accommodation requirements on demand.

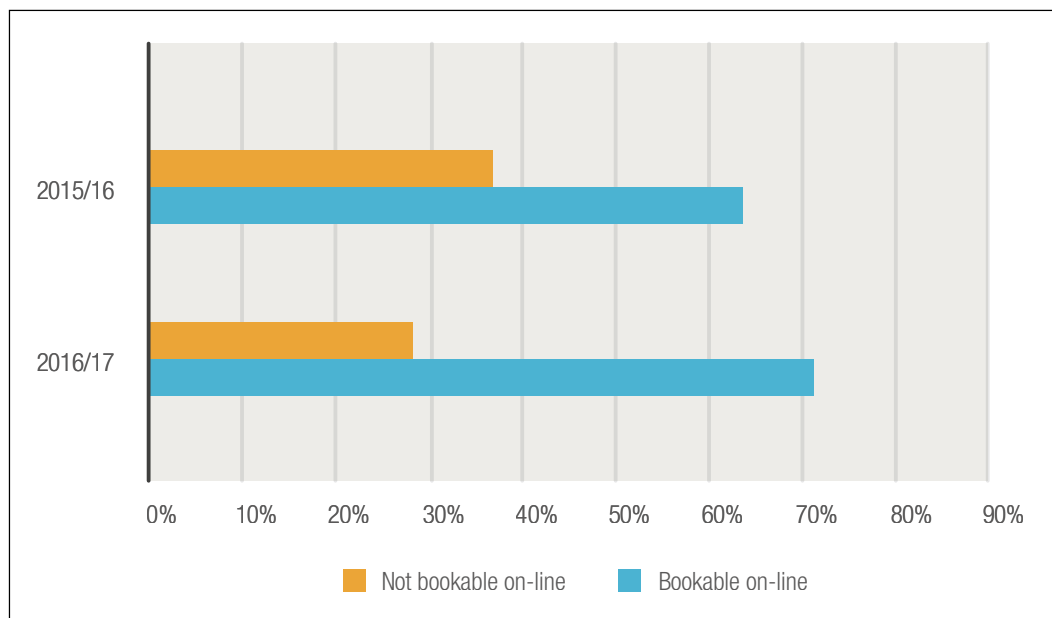
The latter is not possible through the usual procurement platforms because we estimate that, as Figure 9 shows, 28% of serviced apartment inventory is still not bookable online and also the

nature of the accommodation options from the corporate housing sector. However this reflects an improvement of 22.22% on our 2015/16 survey.

Despite the financial advantages to operators of direct bookings, the overall distribution landscape remains fragmented.

Of the 72% of operators that are bookable online, 81.39% of operators receive up to half of all bookings through their own sites. OTAs account for up to a third of all bookings for 66.03% of operators (up from 60.04% in 2015), whilst GDS accounts for a similar proportion of bookings for 93.65% of operators. As Figure 10 shows, after the GDS, direct bookings, OTAs and TMC/RMC non-GDS bookings deliver similar volumes.

Figure 9. % of serviced apartments bookable on-line



Source: The Apartment Service

OPERATORS WANT TO DISTRIBUTE THEIR INVENTORY THROUGH AS MANY CHANNELS AS POSSIBLE (WHILST) BOOKERS WANT ACCESS TO AS MANY OPERATORS AS POSSIBLE THROUGH AS FEW SYSTEMS AS POSSIBLE.

Figure 10. Booking channels

% of Bookings	0 – 30%		31 – 50%		51 – 70%		70 – 100%	
YEAR	2015/16	2016/17	2015/16	2016/17	2015/16	2016/17	2015/16	2016/17
Direct website	62.12%	56.59%	14.56%	24.80%	10.61%	10.85%	12.33%	4.65%
OTAs	60.04%	66.03%	22.6%	12.26%	13.21%	15.09%	3.77%	4.72%
TMCs/RMCs	70.83%	64.83%	12.5%	17.58%	10.42%	10.99%	6.3%	6.59%
Via GDS	94.44%	93.65%	5.55%	3.17%	0%	1.58%	0%	1.58%

Source: GSAIR survey 2016/17

Part of the problem is one of identification. It is not clear from many apart-hotel or extended stay property names that they are actually serviced apartments. Instead they become lost in alphabetical hotel listings unless the browser recognises the brand or a descriptive word such as 'apartment' in the name.

Sharing and vacation rental

Call them what you will. The disruptors/innovators/game changers are certainly carving out a piece of the new sharing economy that is naturally suited to the urban environment where space and resources are challenged.

Companies like Airbnb are leading the expansion of the short term rental market, estimated to be turning over \$100 billion annually and predicted to rise to \$169.7 billion by 2019 (source: Research & Markets).

Airbnb claims it has over a million listings on its platform, spawning a raft of competitors including Onefinestay (recently acquired by Accor), the Oasis Collection (on which Accor holds a 30% stake) and Squarebreak.

Short-term rental platforms are bringing serviced apartments to a wider audience whilst bringing yet another alternative to traditional hotel stays. The vacation rental market is also competing directly with the serviced apartment sector by offering check-in/check-out, keyless entry, slicker booking processes and other services. Today's competitor could be tomorrow's colleague.

Procurement is changing because travellers' needs are changing, and because they are demanding to be more involved in the procurement process. Research by Amadeus found that over two thirds of business travellers prefer to research their own accommodation

options and compare them to those available in their corporate travel systems.

These millennials know what they like - and don't like - but they do accept their employers' need for cost controls, health and safety compliance and traveller tracking requirements. A more open approach to consultative purchasing would improve the traveller's experience as the enabling technology already exists.

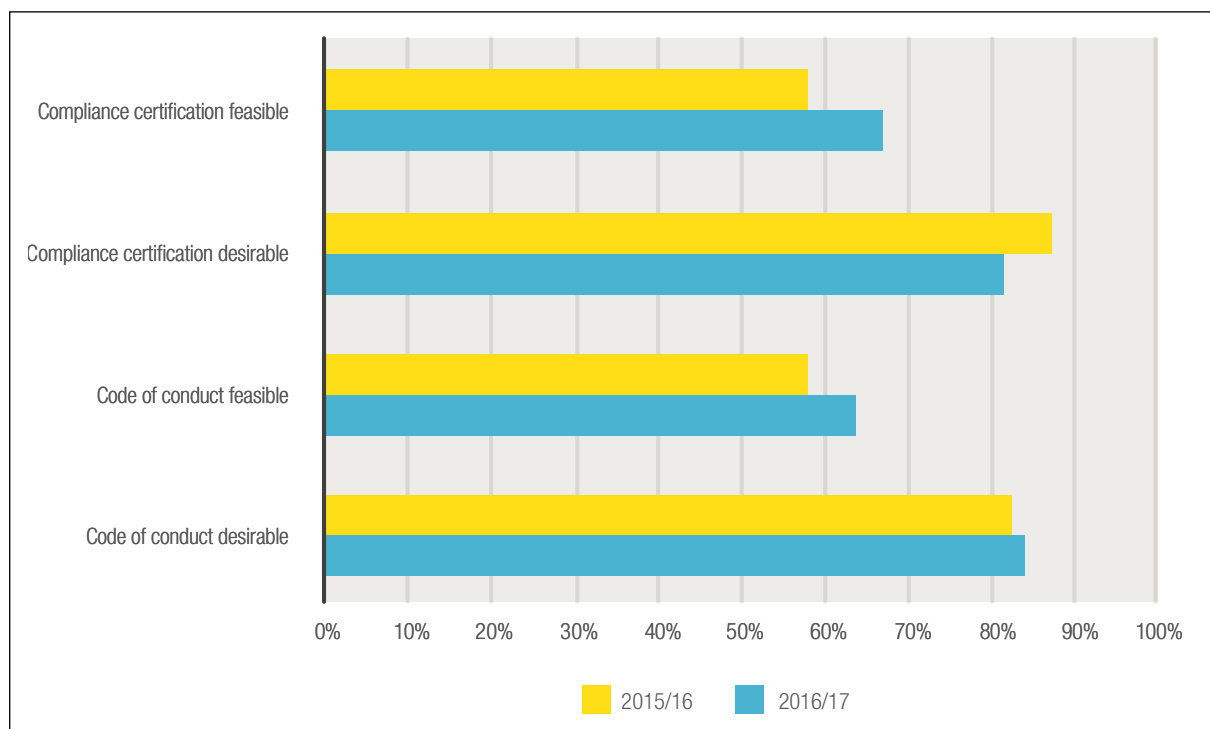
Compliance, conduct & QA

Any supply chain negotiation has to ensure that every deviation from basic safety, quality levels or service requirements are clearly highlighted and considered.

The strategic question that arises is the degree to which the serviced apartment needs greater regulation to render this issue redundant. Figure 11 shows operators' overall views; 84% of operators in three global regions (Asia-Pacific, EMEA and the Americas) to be in favour of greater controls being applied to quality assessment issues, these concerns do not appear to be shared by corporate buyers.

For all the great strides made by the serviced apartment sector in terms of general awareness, looking back at a survey around serviced apartment usage that we carried out over 25 years ago, two fundamental problems still remain today. Too many travellers still don't know what to expect in a serviced apartment, or how to book them.

Figure 11. Global code of conduct & operator compliance certification



Source: *The Apartment Service*

Grading and quality of the accommodation product is essential to any traveller, but the standard of hospitality service experienced by the guest is equally so.

The Apartment Service's solution back in 1991 was to sponsor the well-known Egon Ronays Restaurant and Hotel Guide because it provided an impartial assessment of quality and service. Twenty five years later, hotels still don't have a worldwide grading system other than the somewhat loose star ratings guide, with most companies relying on branding or recommendation. The latter method is increasingly the most powerful, whether through social media, TripAdvisor or its competitors.

Scores from these online reputation portals show that the majority of users are content with accommodation offerings in general. As Figure 12 shows, TripAdvisor and Airbnb show, respectively, average satisfaction scores of 4.6 stars and 4.7 stars out of 5.

Compliance with safety precautions is essential if employers are to maintain their legal Duty of Care commitments to their employees. Risk assessments go beyond the style and quality of a serviced apartment. The level of scrutiny is also much greater in a sector lacking the comfort of big brand names.

Progress is being made though. Corporate housing providers and apart-hotels have signed

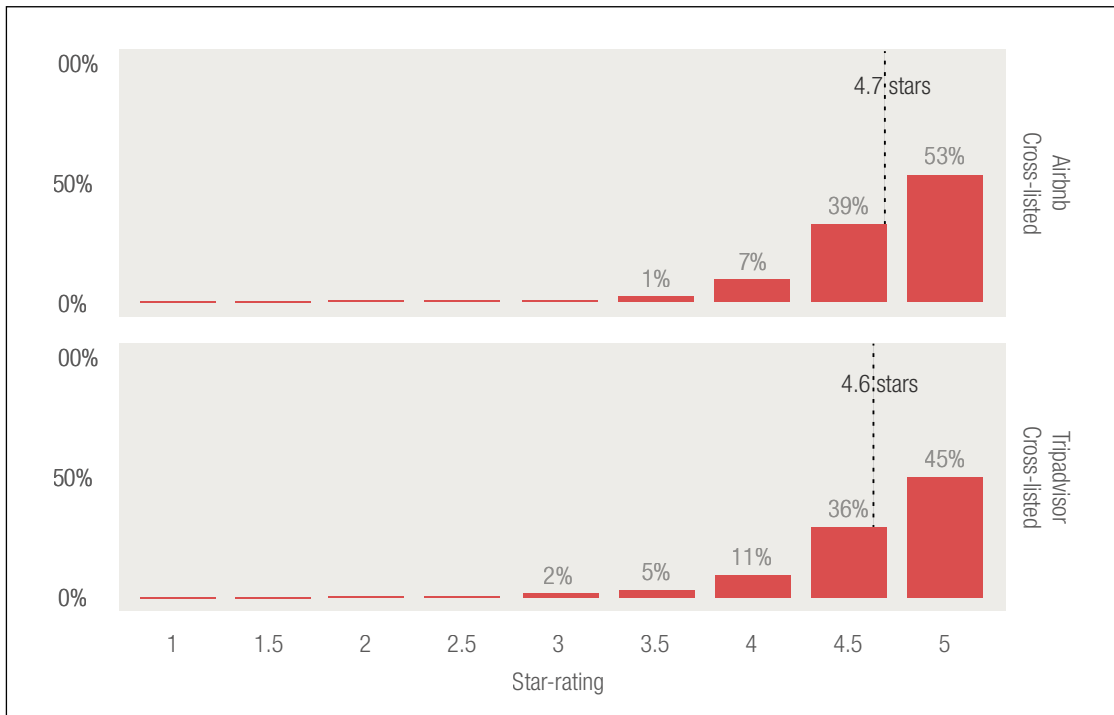
up to the UK's Association of Serviced Apartment Providers (ASAP) accreditation scheme which takes a comprehensive look at operators' overall service approach and legal compliance as well as the quality of the end product itself.

The recent global expansion of ASAP's accreditation scheme as the ISAAP (International Serviced Apartment Accreditation Programme) will make a huge difference. Some corporate buyers are now mandating ISAAP accreditation for properties to be included in their travel or mobility programmes. The speed and degree to which this new gold standard can be rolled out globally is debatable; there are literally hundreds of cities and thousands of providers to cover. Even if this means, in the short term, corporates limiting options unnecessarily, it is still an excellent start.

Every accommodation outlet of the type discussed in this report, in every country, is subject to local building/construction regulations, so achieving a reasonable level of standardisation isn't as big a problem as some imagine. Problems start when operators flout legal and discretionary service requirements, but these transgressions are quickly highlighted through social media and perpetrators are soon identified by those who book accommodation regularly – and by agents in particular.

A bad reputation will spread quickly, as long as due diligence is carried out and past reputation looked at, problems can be greatly minimised.

Figure 12. Online reputation for properties listed in Airbnb & Trip Advisor



Source: Byers D, Proserpio D, Zervas G 2015

Market perspective



John Wagner, Cycas Hospitality

Within the sector there is an inherent lack of consistency, along with a lack of awareness from many potential customers. What's great about an independent rating system, is that it gives a degree of comfort and reassurance of what a user can expect. In some regards, the competition is Airbnb and they do a good job with photos and descriptions. A professionally operated serviced apartment will compete well against Airbnb, but only if there is a level of trust created. An objective rating will help establish that trust.



Mak Hoe Kit, Chief Investment Officer, Frasers Hospitality

The future is no longer just a serviced apartment sector or a hotel sector. It is no longer binary. The hotels are introducing apartment-like hotel rooms with apartment type of facilities and amenities. On the other hand, the serviced apartments are catering for more than just the long-stay segment. Increasingly they are also going after the short stay guests. On one hand, corporate accommodation budget is dropping. On the other hand, more people are travelling due to the rising middle class, declining air fares and increasing aspirations, etc. There is also the evident impact of Airbnb and similar sites which hospitality operators are not able to ignore. The future is bright for those who are able to adapt, be flexible and able to meet guests' expectations and requirements.

Future Outlook

by Jo Layton – MD Group Commercial Sales, The Apartment Service



THE RESPONSIBILITY TO DISCUSS AND DEBATE IS A PRIORITY FOR ALL OF US

Creating clarity, educating responsibly

If you are interested in hearing a wide view of opinions on the future of serviced apartments, you are reading the right publication.

This 6th edition of GSAIR is full of opinion and information that will help to inform and educate the readership on exciting future trends and the changing direction of the sector. I am delighted to have the opportunity of sharing thought and opinion with our growing audience and I look forward to future debates and discussions over the next 18 months on the content of this report.

We believe in sector education first

The responsibility of industry leaders to discuss and debate without selling is a priority for all of us, we understand that audiences are vulnerable – and we have an obligation to get the mix of education and information right.

Every time a serviced apartment professional speaks for or is invited to represent our sector, they should ensure that a balanced, unbiased and accurate view of the industry is presented.

Understanding that when sharing our personal experiences, our sometimes limited knowledge on a particular hot topic or a subjective view of the sector, our industry representatives must do so with clarity, with respect, and most of all, with integrity.

Reports, white papers, associations and conferences are excellent vehicles to help audiences receive balanced and valuable insights into the world of serviced apartments. Keeping the industry representative 'on-message', and not 'on-selling' is a potential challenge for publications, associations, conferences and moderators.

Evolution of an industry

We all agree that the world of serviced apartments is continuing to thrive, evolve and change and is recognised as one of the most fast-paced in the hospitality sector. Now, with the technological advances that are being continually developed, we are being propelled to another level.

Just two years on from the relatively new concept of alliances, we are now watching mergers and acquisitions of serviced apartment booking agents and an increasing number of new agents being launched or re-branded across the sector.

Additionally, and relatively fresh on the industry agenda, aggregators have joined the mix. This is thanks to the consumer and client demand for online inventory and immediate solutions. Apartments are being aggregated, (and they have been for a while) - just like taxi's, insurance, and mortgages.

The challenge for a buyer is to understand who they are buying from, who actually operates the apartments and how many layers of commissions are included in the final rate. Purchasing a serviced apartment is increasing in its complexity.

Recognising, celebrating and embracing the multitude of products available under the banner of extended stay, serviced apartments and corporate housing is a huge undertaking for any buyer. Add to this the various methods of accessing these products, and you have a procurement project that can easily take a minimum of a year to fully understand and award. It is critical to invite the right candidates to the table to achieve a successful end goal - especially for global or multi-regional programmes.

Demystifying the landscape

The serviced apartment industry is currently experiencing a surge of firstly, operators developing their own global agencies (hybrids), and secondly, new agency start-ups that claim to sell globally. Both are competing for space on the global sales platform.

The outcome of this sharp change in our industry is potentially huge for buyers. Procurement will need to become super savvy to understand the potential risk of employing an underdeveloped, immature or inexperienced hybrid, agent or aggregator.

Operators manage apartments...

They may not own them, they more often than not lease them on either a short or long term let, but as operators they provide the physical services including check-in, housekeeping and guest services (if and when required). These can be large global brands that are not offering any accommodation services outside of their core inventory.

Hybrids are operators with an agency arm

If an operator wants to stay close to their local clients, an option is to provide a global agency service for them. When an operator becomes an agent, this makes them a hybrid. Hybrids generally do not identify a difference between their own product and those they book into. i.e. their agency can carry the same name as their operated products. Their priority generally remains in managing their own occupancy level in their own inventory.

Hybrids work as an agent in locations where they do not have their own inventory. They earn a commission or mark-up for making the booking.

Serviced Apartment Booking Agents

Agents act as a third party, work in multiple markets and have the flexibility to be able to book into any brand or independent operator. They should remain impartial and work on a % commission or a mark-up.

The majority of serviced apartment booking agents boast access to thousands of apartments. Even new start up agents that have been active for a relatively short period of time, very quickly claim to be able to manage global programs. Taking time to review an agency's ability to provide a safe and sustainable global operation, including: their experience in working on a global platform; how robust their internal systems and processes are; and how they manage their supply chain are integral to making the right choice of agency.

Global Alliances

The industry over the last two years has delivered many global alliances. The majority of operators now work comfortably in this arena which can allow them to provide agency services to their clients and bookers.

Key features of a successful alliance are the use of robust systems, dedicated trusted operators and transparent processes that are enhanced with training, education and best practice alignment of the members and partners.

Aggregators - introducing the new 'normal'

We have witnessed the arrival and acceptance of aggregators into the wider community in the form of Uber and Airbnb, price comparison sites and eBay and Laterooms or Booking.com – all are aggregating and all have fast become part of modern life.

The current questions and fears that exist around this method of purchasing are many, ranging from understanding safety, insurance and liability, contracting and accountability, margins and competency.

A priority and responsibility when considering the use of aggregators in the apartment sector is to understand and have confidence in who is regulating or checking the standards and the safety of these units for travelers.

Identifying and assessing the risk of using an unknown aggregator that is 'easy' to book online versus using a sustainably sourced and managed supply chain is paramount to the safety and security of travelers and of a successful serviced apartment programme.

Assessing the quality

The Association of Serviced Apartments (ASAP) are now quality assessing serviced apartments and corporate housing providers in the UK. ASAP have introduced in 2016 an agency accreditation programme to review and ensure the basic service provisions of an agent.

CHPA, the association for corporate housing providers in the Americas, has also taken the lead on implementing the same quality assessments across their market.

Closing the loop

Discussion and debate in the industry assists in creating clarity, well-educated and informed choices that help to deliver transparent, sustainable, safe, intelligent and quality solutions in all arenas. Enjoy the 6th edition of GSAIR!

By Catherine Chetwynd



THE SECTOR IS MOVING ON A PACE BUT IT IS STILL, IN RELATIVE TERMS, YOUNG.

The ability to put the hapless road warrior into comfortable, spacious accommodation that gives them independence hits the corporate mark both in terms of duty of care and traveller welfare.

And with the rise and rise of apart-hotels, this no longer applies only to those staying for seven nights or more. The model lends itself to short, medium and long stays, providing a balance for operators and a low-risk model for investors, who are indeed flocking to empty their wallets into the model.

The popularity of apart-hotels also plays to the requirements of the much fêted millennials, who enjoy the larger lobby/sitting area and are less concerned about bedroom space. Many are also in cities' central business district, giving them short-stay appeal.

However, it is inevitable in a maturing sector that there is still room for improvement. Technology – or lack of it – is most travel buyers' major beef. Various operators have produced booking tools that integrate into corporate systems, allowing good MI, but only a few have produced anything that talks to the tools of the others, so if a buyer has two or three suppliers, there is no central data collection point.

TMC Wings Travel integrates serviced apartment data into other accommodation in its data centre: *"This allows us to analyse the average cost per night/average nights per stay,"* says chief operating officer UK, Europe & Americas Paul East.

Global travel manager for AIG Jan Jacobsen has installed Lanyon but says there is a lot of hotel-specific content in the tool and it does not give serviced apartment suppliers space to add what is relevant and important to them. *"I like what the*

tool does for me from an analytical perspective but for the supplier it is too generic and for the traveller it is far from flexible enough," he says. Planning ahead, Jacobsen is asking AIG's preferred suppliers to give the company an open Application Process Interface (API) to allow direct inventory.

UBS's main requirement is in London, Zurich, Paris and Frankfurt. The company has set up a joint extranet site that links the bank's portal to their supplier. It is UBS customised and has embedded the banks' prices, apartments, maps, etc., plus booking tool.

"The traveller completes the form on the site and sends it electronically to the supplier and from then on communication is by email," says group corporate services, global travel management for UBS Kevin Carr. *"It is one of our biggest bugbears that the industry has not come up with any technology that allows us to see live availability and make live bookings."*

Visibility is a bone of contention, where operator-agents present accommodation sourced from another supplier as their own. Apart from creating an honesty gap, it can also cause delays in resolving problems because there are too many layers between the operator of the accommodation and the company that sold it to the buyer whose travellers are resident.

DAC Beachcroft's TMC handles its serviced apartment requirements, which are sourced through a third party. *"If they can't produce what we need, our TMC finds another appropriate provider,"* says procurement manager Karen Lewis.

Buyers generally do not have too much trouble getting the quality, range and size of accommodation they are looking for and whilst

availability is growing all the time there is inevitably short supply in some towns. AIG has big demand in Croydon, where there is limited choice, so Jan Jacobsen approached a number of suppliers and explained AIG's requirements. *"Two suppliers opened accommodation – not just for us,"* he says. He achieved something similar in Greensboro, North Carolina.

"We were lucky with those two destinations because the suppliers were willing to listen. But it is a challenge in the market where the supplier says this is it, take it or leave it. One industry peer said, 'I just give up'. I don't have that choice," says Jacobsen.

Speed of response is closely related to the non-availability of live inventory in that it is reliant (a) on the vagaries of human frailty and (b) on suppliers who often do not control most of their portfolio. As a result, it gets mixed reviews. Paul East says there is *"near immediate"* response from specialist serviced apartment companies, who also *"have safety assessments as part of their business review or contract and this will be kept up to date - it is important to take that into account"*, he says.

Increased buyer understanding of the industry will lead to improvements, as they ask more forensic questions to get what they want. This certainly applies to problem solving and reporting on same.

And talking of problems, key collection does not always go smoothly. Where travellers have to punch in a code to retrieve a key from a box, there are complications if it does not work, and picking up keys from another location is inconvenient and unsatisfactory late at night. Some suppliers provide meet and greet – and some buyers insist on it as part of the contract.

Service Level Agreements (SLAs) can mitigate the worst of terms & conditions, with defined times for acknowledging requests, sending an offer and what is included in the fee, from WiFi/ broadband to meet and greet. This can vary from one supplier to another and where one may include almost everything in the rate, another may have so many add-on fees, it makes car rental look straightforward. Whether the rate is charged per night or per day is also worth clarifying: if it is per day, a traveller may turn up at 11pm, leave at 7am and be charged for two days.

A travel buyer from a major bank specifies cleaning every other day, a welcome pack with enough food and beverage to last two days and an induction pack with details such as whom to contact if there

is a problem included in the rate. *"We take two-bedroom apartments and travellers from India, who represent about 90 per cent of our travellers in serviced apartments, buddy up with somebody, so we do not need meet and greet for them,"* she says.

Duty of care and traveller wellbeing feature high on buyers' reasons for giving serviced apartments as an option to travellers. *"If our travellers are in a city for more than five nights, they have to stay in an apartment – and we have 90 per cent compliance to that,"* says UBS's Kevin Carr. *"It is not just about cost, for a longer stay, it is much nicer to have the space in a serviced apartment, where they can cook and entertain friends."*

The buyer from the other bank mentioned above highlights the home from home aspect and adds: *"The apartments are normally close to the office an in a central area so it is easy for them to go out after work as well."* The company does not mandate use of serviced apartments but take-up is similar in volume to its hotel programme, around 6,000 nights, so they are clearly popular.

Although safety and duty of care have knocked budget off the No.1 slot in the lives of most buyers, savings cannot be ignored. Saving £5.00 a night by using serviced apartments over hotels does not sound a lot until multiplied by 26,000 room nights, making a worthwhile £130,000. And DAC Beachcroft travellers use apartments for seven days or more and the company make that choice on a cost and duty of care basis.

Security is a major concern for buyers, not just entrances to the building but internet security, making sure that however their travellers interact with a brand, it is secure. Connectivity to the web has shot up from being relatively unimportant to significantly important – to be able to get online quickly and easily.

Traveller tracking is a must, which requires a system that tells buyers which travellers are where, when they arrive and when they leave, which complies with CSR; as is a good disaster recovery process.

The sector is moving on apace but is still, in relative terms, young. As it matures, many of the above problems will be ironed out. Meanwhile, travellers are enjoying the freedom, privacy, flexibility and most of all, safety, of staying in serviced apartments, whether for one day or one year, and that is good duty of care and good company culture.

Redefining the guest experience

By Martin Kubler, CEO, iConsulting Hotels



THE NEW TRAVELLERS ARE LOOKING FOR CUSTOMISATION, AUTHENTICITY AND FLEXIBILITY.

Sometimes, it seems like we've been talking about Millennials for almost a Millennium, but there's no denying that Generation Y and Z travellers continue to have an impact on our industry. Digital savvy, highly mobile, and loyalty fickle, millennial travellers have grown up with the Internet and feel at home in the sharing and gig economies. For them, great service isn't purely about stunning spaces, countless facilities, and location, but about customisation and flexibility.

Gone are the times, when we could wow travellers with the latest gadgets, a re-launched loyalty program, or cheaper rates than the operator down the road. Today's guests bring the latest gadgets with them, select properties based on the purpose of their stay rather than the logo outside the door, and are more likely to have accounts with services like Airbnb and HomeAway than with industry loyalty programs.

It's not all bad news for serviced apartment operators, though. Luckily, Y's and Z's are probably the best researched traveller generations ever and by looking at their consumer behaviour closely, operators can gain valuable insights.

Traveltripper.com (source: <http://qoo.ly/85z4s>) notes that the "iGeneration" is digitally immersed, mobile-centric, and expects to be able to research, book, pay for, and review accommodation choices through their phone. It's also a generation of "immediacy" preferring texts to phone calls or emails.

Social-media driven customer service isn't just a thing for Y's and Z's, it's considered the new normal.

These are travellers that know how to search and that want to be communicated with visually and with content that's customized and authentic, so marketing campaigns will have to get shorter, sharper, and more diverse. "One size fits all" messages never really fitted anybody properly, but they will definitely not fit generation Y and Z travellers, who know that they've got a digital footprint and who expect companies to look at their public social media data, interpret it, and use it to deliver customized experiences.

It's safe to say that spaces will have to change to cater for the new travellers. They'll bring their own tech devices filled with their entertainment of choice, so faster Internet and bigger screens are the order of the day as are flexible live/work spaces that allow for an easy mix of business and leisure - Y's and Z's are very entrepreneurial, so expect to see an increase in workshifting and "work from anywhere" travellers.

In short: The new travellers are looking for authentic, customized experiences delivered by companies that are "real" and have a personality, in a "the right message, at the right time, for the right person" manner.

Risk and solutions

By Paul Coleman, President and CEO, TERN Financial Group



THERE'S A NEW SPECTRUM OF RISK EXPOSURES AND RISK MANAGEMENT SOLUTIONS.

The emergence of the serviced apartment sector as an influential market alternative to traditional relocation logistics management is a revolutionary yet disruptive force in both the corporate lodging and financial services sectors.

Traditionally, the assumption that international transferees would spend their global assignments lodged within unfurnished leased properties went unchallenged. The accepted wisdom was that logistics and supply chain professionals would apply their shipping expertise to the occasionally risky business of international household goods transit and storage.

International Household Goods in Transit and Storage insurance coverage has long since been the sole property and casualty insurance offering to the relocation industry. Transit insurance and claims administration have engaged the most resources, by extension driven the most revenue in the global mobility sector, and been the primary departure point for the introduction and cross sell of all other related financial services.

However several key socio-economic factors have converged to create a momentous market shift and signal the emergence of a new spectrum of risk exposures and risk management solutions, stakeholders and participants.

Globalisation of business

The expansion of global business means that increasingly, emerging market locations are simultaneously becoming both recurring assignment destinations and common originating locales.

Previously, an assignee household would occupy a detached single family house at both ends of the transfer, so emptying the contents of one dwelling into another of comparable size was a reasonable proposition.

But as emerging markets play a larger role in global assignments, programme managers have had to rethink their strategies. For example, there is a general absence of sprawling standalone single-family dwellings in former Eastern Bloc countries that would be common in suburban North America and parts of Western Europe.

Meanwhile, population density, cultural considerations and consumer preferences have created a real estate landscape in Asia and Latin America that is virtually bereft of standalone, single family dwellings.

Assignees bound for emerging markets from industrialized western nations have to down-size their living spaces. Conversely, assignees from emerging markets with few if any household furnishings and no predilection for sprawling detached single family dwellings will struggle to fill overseas shipping containers pre-departure.

The shorter the assignment the less resources are usually allotted to manage it, and the average duration of long-term assignments is falling. The time, energy and resources required to co-ordinate the logistics of transiting insured household goods around the globe are significant and, when amortized over a two-year period instead of five, begin to look prohibitive.

Assignee demographics

Assignments are not only getting shorter; the assignees are getting younger too. The 2016 assignee doesn't own a home, wants to work overseas and will likely occupy a multi-family property whether on assignment or not. Between 2006 and 2011, data from the US Census Bureau showed the largest decline in homeownership compared with any other age band amongst 24 – 35 year olds, whilst renters in the same age bracket increased by more than a million.

Poignantly, Graebel's Special Report on Apartments and Emerging Markets signals an imminent spike in demand for multi-family properties, driven globally by emerging market consumers, as well as millennials who have accumulated sufficient wealth over recent years while sharing accommodations with parents or roommates.

Recession economics

The contraction of the global economy in 2008 forced mobility programme managers to deploy financial analytics, embrace comprehensive procurement procedures and quantify ROI for the benefit of their corporate overseers.

These economic factors have helped to drive the corporate housing and serviced apartments sectors as cost-effective alternatives to traditional hotels. However their increasing adoption has changed the shape of business models. Corporate buyers now need to understand whether the cost of transit and insurance coverage for an assignee's household goods approaches or exceeds the additional marginal cost of rental furnishings in the host destination plus the additional cost of storing all the assignees household goods in the country of origin.

For buyers, household goods insurance with endless administration, guidelines and procedures has been superseded by simpler, more streamlined management of household good property risks.

Events have played their part too. The mass evacuations during the Japanese tsunami, the Fukushima nuclear crisis, and the Arab Spring uprising in North Africa left many questioning the sense of overseas household goods shipments.

Where, historically, the relocation industry's risk consolidators have been the removals industry providers, light-traveling Millennials on comparatively brief assignments have driven the relocation/insurance nexus to the serviced apartment sector. In the New Normal, corporate furnished accommodation providers, previously kept at bay by the removals sector often chose to eschew risk solutions or remain blissfully unaware of the value and revenue potential of the opportunity before them.

These converging circumstances present a genuine opening for the industry's visionaries to partner with their forward-thinking financial service counterparts and catalyse the development of new offerings better suited to the New Normal.

These new solutions will ideally reflect today's realities, and most importantly, engage front-line providers, bona fide corporate furnished accommodation and serviced apartment experts.



Association Perspective



Established in 1988, the Association of Corporate Travel Executives, (ACTE), maintains an exceptional reputation for connecting senior executives, delivering high quality education for buyers and suppliers to learn from each other, and helping to grow business in a non-sales environment.

Through its extensive global network, education programming, polls and research, ACTE is in a unique position to identify and promote global trends in the sector.

Social and demographic shift and the rapid advance of technological innovation are each contributing to change the way business is done in many industries, including in the business travel sector. Many travel policies are being redefined to centre around the needs of the traveller in order to achieve compliance and ultimately savings. Travellers are seeking a more personal overall travel experience from the way their booking is made and the way their company and suppliers interact with them pre, during and post-trip.

So it's no surprise to see the continued growth of the serviced apartment sector as a favoured choice for some travellers who are looking for an informal stay away from home as well as for those staying for extended periods.'



There is no doubt that the serviced apartment sector is in a good place, growing in public visibility, volume and profitability. This was echoed in the December 2015 report on the sector within the UK, delivered jointly by Savills and ASAP.

The figures were based on real-time financial data as well as planned openings and developments within the industry. The headlines on the report were beyond optimistic: *"UK stock set to double"*; *"..on the verge of global recognition"*; and *"..fastest growing segment in UK"*.

With a growing international membership now standing at 135 operating around 100,000 apartments globally, we are determined to lead on a number of fronts to continue this momentum. We see it as our remit to help define the concept, the 'brand', for a public generally unaware that we exist, and to set standards for operators, agents and even physical buildings within the industry.

Customer safety is paramount; and our accreditation helps travellers, as well as legislators, to understand that by accepting serviced apartments as a regular alternative to traditional hotels, they can also expect standards of safety, comfort and service as a given.

It has been recognised that within the (as yet) unregulated global sharing economy, some less ethical operators are bypassing health and safety best practice. One thing arising from the casual home-letting economy that we have welcomed is the way it has brought the concept of alternative accommodation onto the radar among the wider public. It is now our challenge to demonstrate how our professional standards, our insistence on due diligence, sharing of best practice and duty of care, makes the serviced apartment sector a compelling proposition.

There is enough room in the hospitality sector for a wide range of accommodation, and the rise of serviced apartments has been entirely driven as a response to customer requirements. All we have to do as a growing, professional sector, is to make sure we get it right, that we take advantage of advances in technology and construction, that we harness data and continue to work with our customers in mind.



The British Hospitality Association is the private sector forum for the UK's 6th largest contributor to export earnings and 4th largest employer. Hospitality and tourism employs 4.49 million people or 10% of the workforce and over 180,000 businesses.

Together we present a clear choice for government and the hospitality and tourism industry. Putting the right policies in place offers us all a considerable prize – growth which delivers 100,000 new jobs by 2020.

Representing hotels, restaurants, clubs, pubs, food service, attractions, leisure establishments, apartments and apart-hotels, the BHA aims to be the single most powerful voice actively championing the interests of the whole industry. According to the BHA, branded apart-hotels and serviced apartments will be at the forefront of new hospitality innovations and have already started to gain solid recognition as a core part of the hospitality industry.

Ufi Ibrahim, CEO of the British Hospitality Association, said *"Independent apartment-living with all the benefits of expert hospitality services are a popular and fast-growing trend, particularly for young people and business travellers. As well as dedicated new brands, many of our international member hotel brands are adding serviced apartment offers to their brand portfolios. That's why it's vital to have a dedicated representation within our membership."*

Max Thorne, Chairman and founding member of the BHA's sector programme for apart-hotels and serviced apartments said *"Apart-hotels and serviced apartments are one of the fastest growing sectors of the hospitality and tourism industry, particularly in London and the UK's leading regional cities, so it's important that our group has a strong voice in shaping key issues. For our sector, this year we see these priorities as sector brand building, jobs and skills, the sharing economy and cutting tourism VAT."*



As the mobility industry continues to evolve, so the services offered to corporations moving their teams around there world, improve and expand to meet their needs. PwC predict that by 2020, there will be a 50% increase in overseas assignments and this forecast means big changes for all of us in the mobility sphere.

As the war for talent is only going to get tougher, so the need to retain key people in key roles becomes ever more vital. The part that seamless relocation services play in retaining talent is finally being understood by companies and the serviced apartment sector has been at the vanguard of keeping up with their needs and expectations.

The Apartment Service is a case in point; by continually improving, expanding and adapting their inventory to meet corporate need, the company is fulfilling an essential piece of the relocation jigsaw. As immigration compliance becomes ever more complex, so delays in relocating families grow. For relocation providers and corporates alike, knowing there is excellent flexible, affordable and accessible temporary housing in their key territories, is an essential component in helping to smooth the transition for the family and individual.

Keeping key talent, means making sure their life change is as smooth as it can be, and the importance of a great place to live while waiting to be more permanently settled, cannot be underestimated.





The Global Business Travel Association (GBTA) is the largest global business travel and meetings organisation with an excess of 7000 global members, collectively responsible for more than \$345 billion of global business travel and meetings expenditure annually.

GBTA and the GBTA Foundation deliver world-class education, events, research, advocacy and media to a growing global network of travel professionals.

"In a recent survey conducted by GBTA Foundation it found that nearly half (48%) of all U.S. business travellers have used an extended stay accommodation in the past 12 months when traveling internationally for business," said Catherine McGavock, GBTA Regional Vice President - EMEA. "This illustrates the huge growth and business potential for apartments in the corporate sector."

"It is the millennials (18-34) who are really embracing the extended stay accommodations, with 72% staying at one for international business travel in the past year, and indications that the demand will likely continue increase across the different age groups. The trend towards more personalisation and traveller-led policies has further increased the importance of the apartment sector in the corporate travel community as corporate travellers look for accommodations to fit their own personal needs each time they travel."

"Better distribution, access to rich content and increased product knowledge has widened the accommodation market giving the corporate sector the confidence to look at extended stay accommodation as a part of their travel programmes."



Leigh Cowlshaw, HBAA Chair and director of supplier partnerships at Capita Travel and Events said: *"Serviced apartments are no longer viewed as a standalone product in corporate travel; the benefits are acknowledged by the many travel buyers who include them in accommodation programmes and our city-based hotel and venue members recognise them as a competitive set. Our agent members fully embrace apartments into their models too and that may not have been the case five years ago."*

"We welcome advances in technology solutions that allow apartment operators to provide online inventory; the ease of booking is probably the last great hurdle that apartments are overcoming." "Operators are looking to expand their portfolios considerably both in the UK and internationally and, as the world's largest serviced apartment agent, we're delighted to be able to provide more choice to our clients."

Sam Welch, director of proposition and consulting services - accommodation and meetings, Capita Travel and Events said: *"We've seen a five year decrease in serviced accommodation rates booked across our customer base. It represents the competitive drive of the sector and these days they are included in the majority of our preferred accommodation supplier programmes we manage and negotiate - for short and long term solutions. And because of security and duty of care considerations they're also generally viewed by the buyers we speak to as a more acceptable option than sharing economy providers for offering wider traveller choice."*





ITM is the UK & Ireland's leading not for profit association, representing corporate travel buyers and travel managers, Chief Executive Officer, Simone Buckley explains:

"The majority of corporate travel programmes now include long stay accommodation in their travel policies. The gap between traditional hotel stays and extended stay accommodation is closing; with long stay providers addressing their duty of care obligations, and also concierge type services are now available at some long stay venues."

"When it comes to apartment stays, our corporate buyers recognised that factors such as a having a residential feel, a fully equipped kitchen and extra space are important to their travellers; as well as potential cost savings to the organisation. Despite these benefits, there are still challenges around the reservation process and tracking of data, but with apartment stays on the increase corporate travel buyers, as well as TMCs, are keeping a close eye on this growing sector."



Worldwide ERC® has been educating and connecting employers and mobility professionals for more than 50 years. It is headquartered in the Washington, DC metropolitan area, with offices in Shanghai and London.

Peggy Smith, SCRP, SGMS-T, is President & CEO of the workforce mobility association, and notes that *"Worldwide ERC® has become so essential to global and domestic business that to our members and stakeholders, its very name is synonymous with mobility. We are committed to designing the organisation around the needs of transferring employees and companies whose goals are recruiting, retaining and managing talent in locations where they do business globally. We deliver education, professional development, research, certification and networking to mobility professionals on five continents through our publications, conferences, electronic and live instruction, designation programmes, and speaking opportunities."*

"Our members are diverse yet connected, and include corporations and government agencies; HR, mobility and procurement specialists; household goods movers; real estate and appraising practitioners and related providers; financial services; immigration and tax firms; relocation management companies and related services, and of course, corporate housing!"

"The serviced apartment sector has become an integrated part of our industry, and serves the needs of extended business travellers and global assignees who seek the comforts of home, the flexibility and technological accessibility of work-at-home, and the proximity to centers of business. This sector is well-represented in our membership, and works in collaboration with other industry professionals and sectors to continue to develop the expertise and understanding in our industry."



Supply and the Brand Landscape

By Bard Vos



WE ESTIMATE THERE ARE
826,759
APARTMENTS WORLDWIDE

Supply

We estimate that there are now 826,759 serviced apartments worldwide. This reflects an increase of 10.5% since our last report 18 months ago and provides further evidence of a sector maintaining its upward momentum.

For the third GSAIR running, the top 15 global suppliers are largely unchanged in their rankings. These suppliers account for 60.7% of all global supply.

As Figure 13 shows, the only new arrivals in this year's rankings are Studio 6, the US-based economy segment brand, and the newly-rebranded Woodspring Suites.

Most major operators have increased their portfolios in the last 18 months; their aggregated estates show an 8.5% increase in units and 4.9% in locations.

Figure 13. Top 15 Global Suppliers

	Locations		Units	
	2016/17	2015/16	2016/17	2015/16
Marriott (Worldwide)	1001	945	116,672	109,308
Extended Stay Hotels USA	629	686	69,400	77,588
Intercontinental Hotel Group (Worldwide)	561	512	56,292	51,732
Homewood Suites & Home 2 Suites - Hilton Worldwide	479	390	53,040	43,321
The Ascott Ltd (Worldwide) Includes 3 Quest Properties (312 units)	250	218	37,712	30,519
Oakwood Corp Housing (estimated)	1,895	1,895	25,350	25,350
Woodspring Suites (formerly Value Place)	211		25,165	
Accor Hotels (Worldwide)	204	201	22,997	22,647
Pierre & Vacances (Europe)	257	257	22,252	22,252
Mantra Group	126	113	19,276	11,622
Frasers Hospitality (Worldwide)	71	60	12,531	10,075
Choice Hotels (USA)	106	106	10,681	10,681
Hawthorn Suites	98	92	10,584	10,000
Studio 6	99		10,034	
Quest Apartment Hotels (Asia Pacific)	159	148	9,814	8,251
	6,146	5,860	501,800	462,491

Source: GSAIR survey 2016/17

As demand for serviced apartments matures, and the millennials come to dominate marketers' thoughts, global providers are now deploying multiple brands to meet the disparate needs of business, leisure and bleisure guests alike.

As Figure 14 shows, The Ascott Ltd are in the middle of an aggressive expansion plan, having increased their footprint by 7,193 (23.5%) in just 18

months. Frasers are doing the same, having added 2,456 units since January 2015, up 24.4%.

The major hotel-owned serviced apartment brands are also on the march. Marriott added 9,686 units during the same period, mainly to their Residence Inn and Towne Place Suites estates, whilst Intercontinental Hotels Group expanded the Staybridge and Candlewood portfolios by 8.8%

Figure 14. Global Providers

		Locations		Units	
		2016/17	2015/16	2016/17	2015/16
Accor	Adagio + Adagio Access	97	96	11,200	11,100
	Mercure Australia	58	58	6,049	6,049
	The Sebel	16	16	1,644	1,644
	Suite Novotel (EMEA)	33	31	4,104	3,854
	Total	204	201	22,997	22,647
The Ascott Ltd	Ascott The Residence	41	28	7,180	5,576
	Citadines	77	74	11,338	9,979
	Somerset	69	55	12,908	9,778
	Other Serviced Residences	54	61	4,969	5,186
	Tujia Somerset	6		1,005	
	Sub total	247	218	37,400	30,519
	Three properties from Quest	3		312	
	Total	250	218	37,712	30,519
Extended Stay Hotels		629	686	69,400	77,588
Frasers Hospitality	Fraser Residence	13	13	1,563	1,563
	Fraser Suites	29	24	5,034	4,279
	Fraser Place	16	12	3,066	2,034
	Modena Residence	5	5	1,116	981
	Capri	8	6	1,752	1,218
	Total	71	60	12,531	10,075
Intercontinental Hotel Group	Candlewood Suites	341	312	32,328	29,778
	Staybridge Suites	220	200	23,964	21,964
	Total	561	512	56,292	51,742
Marriott	Marriott Executive Apartment	25	25	3,363	3,530
	Residence Inn	698	660	85,287	80,347
	Towne Place Suites	278	231	28,022	23,109
	Protea Hotels		29		2,320
	Total	1001	916	116,672	106,986
Pierre & Vacances	Pierre & Vacances	226	80	20,020	9,059
	Maeva	31	177	2,232	13,193
	Total	257	257	22,252	22,252
Sub Total Global Providers		2,970	2,879	337,544	324,119

The brand landscape

By George Sell, editor – Serviced Apartment News



THE LAST 12 MONTHS HAS SEEN A FLURRY OF BRANDING ACTIVITY...

Compared with the mainstream hotel sector, the serviced apartment market has been less focused with brands and branding, but that is gradually changing.

The mainstream hotel chains are renowned for their constant stream of new brands, each promoted as the answer to the needs of a new demographic trend. In the serviced apartment world, this trend has hitherto been less pronounced but the last 12 months has seen a flurry of branding activity, and we can expect much more to come.

The two Singapore-based giants, Ascott Ltd and Frasers, have both launched new brands over the last year, and their moves are some of the most interesting, and potentially most significant, in the space.

In March 2016 Ascott unveiled its Tujia Somerset brand of serviced residences, to cater for the increasing demand from China's middle class travellers. The brand is a result of Ascott's joint venture with Tujia - China's equivalent to Airbnb. It has signed contracts to manage six properties to be operated under the Tujia Somerset brand.

The Ascott Ltd has also taken a leaf out of the hotel chain book by launching The Crest Collection, a "soft brand" under which it will manage some of its most prestigious properties, and those of other owners.

Frasers Hospitality has signed an intriguing co-branding partnership with German car giant Mercedes to launch Mercedes-Benz Living @ Fraser. From November 2015, visitors to London have been able to book six serviced apartments that have been designed by Mercedes-Benz Style. A further nine apartments in Singapore followed, and the partners aim to roll the concept out to

other key cities if it is successful. Wilfried Steffen, head of the Business Innovation department at Mercedes said: *"More and more people are permanently on the move. They live and work in unfamiliar cities where they are looking for a 'home away from home' and a sense of security. That's exactly what we want to offer them - and at the very highest level and with the perfection and quality that you'd expect from Mercedes-Benz. Our aim is to turn the idea of the Mercedes apartments into a functioning business model as quickly as possible."*

Frasers has also shifted the marketing emphasis behind its Modena brand, repositioning it as catering to business travellers with *"green-conscious lifestyles"*.

"This new greener Modena by Fraser concept is in line with Frasers Hospitality's commitment to driving greater environmental awareness," said Choe Peng Sum, CEO of Frasers Hospitality.

"With this fresh take on Modena by Fraser, we are pleased to be offering travellers a more conscientious and sustainable approach to stylish urban living. They will have everything necessary to meet their demanding lifestyle needs and the opportunity to be a part of our green practices without compromising on their lifestyle needs. This fits in very well with travellers' increasing preference for sustainable accommodation that takes care of them and the environment concurrently."

Another interesting recent development is the number of companies turning away from the term serviced apartment in their branding in favour of aparthotel or apartment hotel.

Australia's market leader Quest spent AUS\$10 million on a rebrand in August 2015, changing its

name from Quest Serviced Apartments to Quest Apartment Hotels. CEO Zed Sanjana said: *"Market leadership is about continuous evolution; it is vital we lead the industry in meeting the needs of tomorrow's business travellers. We are modernising and future-proofing the brand, continuing to speak directly with our guests to ensure we understand their needs in terms of location, product and experience, and adapt accordingly."*

BridgeStreet Global Hospitality has added an aparthotel brand, Mode, to its stable. Launched at Berlin's International Hotel Investment Forum (IHIF) in March 2016, Mode Aparthotel by BridgeStreet is based around "retrofitting existing buildings to ensure the authenticity of the destination which will create a hospitality solution like no other".

In the US, Jack DeBoer, known as the founder of the extended stay sector, has launched WaterWalk Hotel Apartments, the fifth brand he has brought to market, having successfully launched and sold the Residence Inn, Summerfield Suites, Candlewood Suites, and Value Place/Woodsprings brands.

The major hotel chains have also been active in this space, albeit with very different strategies. Hilton Worldwide is to merge three of its extended stay brands to create the All Suites collection. Under the initiative, Embassy Suites by Hilton, Homewood Suites by Hilton and Home2 Suites by Hilton will be combined under the new single brand, creating a new portfolio of more than 600 all-suite hotels across the Americas.

Between them, the three brands to be merged comprise nearly 15 per cent of the company's current inventory and almost 20 per cent of its pipeline, in terms of rooms. Hilton also announced plans for its first Curio-branded property in the UAE, in partnership with Royal International. Located on Sheikh Zayed Road, the two-tower Rosemont Hotel and Residences will feature 450 hotel rooms and 280 serviced apartments.

Accor, the parent company of apart-hotel brand Adagio, has been concentrating its financial firepower on the short-term rental space, buying onefinestay and acquiring a 30% stake in Oasis Collections.

Meanwhile Carlson Rezidor executive vice president and chief development officer Elie Younes says his group *"has been pulled in to the extended stay sector by investor and consumer*

demand", and now has 30 extended stay properties. *"There is a lack of brand awareness in the sector which we can capitalise on with our hotel brands,"* he says.

Other active hotel groups have been Minor Hotel Group, which has launched its Oaks serviced apartment brand in India and plans to roll it out in the Middle East; and Banyan Tree, which is taking its Cassia brand to Australia.

The last 12 months has seen some notable new brand launches in Europe. Dublin-based serviced apartment provider Prem Group has launched two sub-brands, Premier Suites and Premier Suites Plus, while Zoku, the extended stay/work space hybrid from Citizen M founder Hans Meyer will open its first property in Amsterdam later this year, followed by two more sites in Paris.

In Switzerland, James Fry and co-founder Frederic Mydske have opened the first Base-branded property in Nyon.

Fry says: *"I come from a family of entrepreneurs and have previously set up an internet company before moving into property development. My old boss pointed out that all the power is with the companies that control the best brands. I wanted to develop a meaningful brand in the hospitality sector and identified the serviced apartment sector in Switzerland as being poorly represented but having a high demand."*

The pair aim to grow to at least five sites open or under development in Switzerland over the next three years, and to grow to multiple destinations across Europe.

Thai-based operator Onyx is planning a significant roll out of its Shama serviced apartment brand across Asia Pacific and the Middle East as a result of a recent joint venture with Singapore Hospitality Holdings. Shama currently has a portfolio of 10 properties in China, Hong Kong and Thailand, with an additional six properties under development in Malaysia and China.

The last 12 months have probably been the most active in terms of branding activity in the space, and I fully expect the momentum to pick up over the next year as new entrants come in to the market, and existing players diversify their brand portfolios.

“The affiliation of individual properties with major brands means that customers have an easy and well understood method to book and pay. The main brands offer tried and tested, and hence reliable, booking methods. A property not affiliated with a major brand will face the challenge of establishing their own system and channels, a process that is difficult, expensive and time consuming. It is this distribution technology that justifies the costs associated with affiliation with a brand.”

John Wagner, Cycas Hospitality

On-line reputation and the guest experience

In our last GSAIR we examined guest ratings of popular global serviced apartment brands on Booking.com and TripAdvisor. Since then, we have monitored the ratings on a monthly basis, culminating in an average updated total for the listed brands.

The top two brands in the 2015/16 listings, Fraser Residence and Staybridge Suites, have not changed and both their ratings have gone up slightly. The most significant increase in guest ratings has been recorded for Adagio Aparthotels. Last year they came in at 7.6 (combined for Adagio and their economy range, Adagio Access) and this

year Adagio has increased its guest rating to 8.1 whilst Adagio Access enters the list with a very respectable 8.

Extended Stay America, after selling off their economy brand Crossland and consolidating their portfolio, have increased their guest experience rating from 6.9 to 7.3

Guest experience ratings are becoming more and more important in making a choice about where to stay and judging by this list, the top global serviced apartment companies are doing their very best to impress their guests at every opportunity.

Figure 15. Comparison of leading serviced apartment brands' products

	24 hour Reception	Limited Reception	Onsite Security	Minimum Stay	Full Kitchen	Kitchenette	F & B Facilities	Room service	Daily Housekeeping	Housekeeping other	Business Facilities	Leisure Facilities	Pets Allowed	AVG TripAdvisor/Booking.com ranking 2016	2015
Fraser Residence	✓		✓	Yes	✓		✓	✓	✓		✓	✓		8.9	8.8
Staybridge Suites	✓	✓	✓	No	✓		✓	✓	✓	✓	✓	✓		8.9	8.8
Capri	✓		✓	No		✓	✓	✓	✓		✓	✓		8.7	8.6
Residence Inn	✓		✓	No	✓		✓		✓		✓	✓	✓	8.6	8.6
Candlewood Suites		✓	✓	Yes	✓		✓			✓	✓	✓	✓	8.6	8.5
Fraser Suites	✓		✓	Yes	✓		✓	✓	✓		✓	✓		8.5	8.6
Towne Place Suites	✓		✓	No	✓		✓		✓		✓	✓	✓	8.5	8.5
The Sebel	✓		✓	No	✓	✓	✓	✓	✓		✓	✓		8.5	8.5
Mercure Apartments	✓		✓	No	✓		✓		✓		✓	✓		8.4	8.2
Marriott Executive Apartments	✓		✓	Yes	✓		✓		✓		✓	✓		8.3	8.5
Modena Residence	✓		✓	No	✓		✓	✓	✓		✓	✓		8.3	8.4
Citadines	✓			No		✓	✓		✓		✓	✓		8.3	8.3
Ascott The Residence	✓		✓	No	✓		✓	✓	✓		✓	✓		8.3	8.2
Somerset	✓		✓	No	✓	✓	✓	✓	✓		✓	✓		8.3	8.2
Fraser Place	✓		✓	Yes	✓		✓	✓	✓		✓	✓		8.2	8.2
Quest Apartment Hotels	✓	✓	✓	No	✓	✓	✓		✓		✓	✓		8.2	8.3
Suite Novotel	✓			No		✓	✓	✓	✓		✓	✓		8.1	7.9
Adagio	✓			No	✓		✓		✓	✓	✓	✓	✓	8.1	7.6
Adagio Access	✓			No	✓		✓		✓	✓	✓	✓	✓	8	N/A
Extended Stay America		✓		No	✓		✓		✓				✓	7.3	6.9

Source: The Apartment Service/Trip Advisor/Booking.com

Partner Perspectives



AKA is an acclaimed luxury long-stay brand composed of an international portfolio, with properties conveniently situated in global, urban hubs including New York City, Philadelphia, Washington, D.C., Beverly Hills and London. As a brand, we've seen an opportunity to differentiate from other providers, such as residential hotels, by providing patrons with better rates for longer stays but with access to top-of-the-line amenities.

AKA's residences go above and beyond the hotel room; in addition to a full-sized, gourmet kitchens, our properties cater to the C-suite business traveller who is on the road for two months at a time by offering high-end fitness centers, cinemas, indoor pools, resident programming, 24-hour security, washers and dryers on the premises and much more.

Across our brand, we provide a personalized experience for each resident. Upon arrival, a member of the AKA resident service team sits one-on-one with each guest to ensure all needs are met during his/her stay. Specifically, the AKA resident services team can arrange for premium tickets, impossible-to-get restaurant reservations and specialty services including a fashion stylist, in-suite massages, and more.

In addition to personalized service, AKA provides 24-hour concierge, laundering services, luxury transportation, including TESLA charging stations, as well as valet cleaning and parking. Furthermore, AKA maintains a carefully chosen group of outside service providers whose services are available to all residents.

Over the last few years, AKA has catered its serviced residence offering to a new class of traveller, who is more elastic than the traditional business or leisure traveller in their style of living.

As these travellers have a greater appreciation and yearning for high-design, unpretentious service, innovation in technology, flexibility, anonymity, and

cachet – as well as a desire to live like a local, they seek sophisticated apartment hotel offerings.

To accomplish all of these criteria, the apartment hotel must offer residences with fully furnished and accessorized living rooms, bedrooms, and work spaces, as well as fully equipped kitchens. While they seek the space and privacy of a condominium, they also want the cachet of a luxurious location, concierge services, and resort like amenities, all of which are top-of-mind for the AKA brand.

At its core, the AKA brand provides a best-in-class experience through amenities that serve the brand's guests, or AKA residents, as the needs of longer-stay travellers greatly differ from those of traditional, short-stay hotel guests. AKA only serves about 100 residents at a time at each property, allowing the brand to truly tailor this special serviced residence offering to the needs of each person who stays. Almost all of the public spaces are to be enjoyed just by those few residents and their guests and feature such exclusive amenities as our private-label vodka, which is only served in these spaces.

Each amenity space is uniquely designed to express the personality of the property and neighbourhood. In 2015, AKA unveiled a.cinema, a private resident-only theatre, as part of its renovation at AKA Sutton Place. Residents can reserve a.cinema for screenings.

AKA also partners with entertainment insiders to host sophisticated, tasteful and interesting programming, including weekly screenings for residents. As part of the process to reinvent the guest experience as whole, a.cinema features three rows of reclining leather sets, creating the opportunity to provide a memorable and intimate cinematic experience that will enhance and enrich a resident's stay.

Luxury Serviced Apartments by the Week or Month



aka.

Designed for longer stay comfort and value, AKA offers superbly located furnished residences with spacious living rooms; full kitchens; and spectacular lifestyle amenities.

NEW YORK CITY

CENTRAL PARK TIMES SQUARE SUTTON PLACE UNITED NATIONS WALL STREET

PHILADELPHIA

RITTENHOUSE SQUARE WASHINGTON SQUARE UNIVERSITY CITY

BEVERLY HILLS WASHINGTON DC LONDON

STAYAKA.COM



Churchill Living

For over 30 years, Churchill Living has made it our mission to accommodate the unique needs of relocating professionals and families nationwide.

Our vast assortment of furnished apartments and services, which include complementary relocation, real estate, and temporary housing solutions, together with our furniture rental services, has resulted in thousands of satisfied clients as well as a large network of professional home stagers. With Churchill Living, you're always At Home Anywhere.

Churchill offers the highest-quality temporary housing services, with top-tier accommodations in New York, New Jersey, Connecticut, Massachusetts, Washington D.C., California and nationwide. With more than 8,000 properties, our modern furnished apartments include luxury doorman high-rises, condos, and single-family homes, available with no broker fees.

Every building is centrally located in major cities and available whether your needs are short term or extended stay. Our award-winning customer service department is ready to assist you while we work hard to ensure you feel at home.

Churchill Furniture Rental offers a full range of quality brand name furniture and accessories. Home stagers can choose from a large inventory of sofas, chairs, tables, and accessories to fit any style and budget, perfect for staging a home for sale.

Churchill's designer furniture packages are ideal solutions for temporary relocations or short-term office furniture needs. Churchill has furniture showrooms in New York, New Jersey, Connecticut, Massachusetts, Pennsylvania, Washington D.C., Delaware, Maryland and Virginia areas. Flexible lease terms are available and delivery on the east coast is available within 48 hours. Our furniture rental specialists are available to answer your questions.

Churchill Living has a long history of offering our guests the best in furnished apartments, including service benefits and amenities, making customer stays feel like home. We're now opening up our nationwide inventory of apartments to travel agents and buyers as well as travellers looking for a short-term stay alternative to a hotel. Churchill Living is a member of the Global Business Travel Association (GBTA), the world's premier business travel and meetings organization with more than 5,000 members.

When you choose Churchill Living, you're choosing the best experience in short-term apartment stays.



www.ChurchillLiving.com
SERVICED APARTMENTS BY CHURCHILL LIVING

Churchill
Living

Churchill Living provides clients and partners a diverse suite of services and products to meet any need. We combine our unique Furniture Rental inventory with our apartment portfolio management to select and create fully furnished apartments that set the standard in our industry.

Our Travel Services division integrates with our clients long and short-term stay needs and allows Churchill to coordinate travel booking and administration. All of which when combined with our cutting edge technology and reporting, allow Churchill to offer comprehensive Housing management and solutions to our clients.

**Churchill Living, making our clients and yours feel “At Home Anywhere”
offering fully furnished apartments in NY, NJ, CT, MA, DC, FL, CA & across the U.S.!**





Fraser's Hospitality

The demand for serviced apartments has not abated. In fact, the inherent benefits of serviced apartments: that of flexibility of lease options, personal space and the provision of a comprehensive range of modern conveniences like washer dryer, oven, and separate living and dining spaces; are starting to gain traction with business and leisure alike. Business travellers on extended stays have already embraced serviced apartments, the space and flexibility allowing them to feel more comfortable.

At Fraser's Hospitality, we have also noticed that apart from our core target group of corporate travellers, leisure travellers are also looking to stay at our serviced apartments, with friends and on family vacations.

Millennials travelling on business still place location as a key consideration. No surprises that seamless connectivity in particular high speed internet connectivity and the provision of social spaces like our resident lounges at Fraser Suites Fraser Place and Fraser Residence and our "hotspot" and click areas in our Capri by Fraser and Modena by Fraser are often patronised by like-minded guests.

Lifestyle flexibility and options in terms of food and beverage and wellness services also appeal to them. But all our guests stay who with us across all our brands repeatedly stay with us do so as we provide a sort of a comfort zone, safety security and a place they could call their second home.

As more and more people appreciate and are exposed to the benefits of serviced apartment, we could see more supply into the market as the current situation in most locations have a disproportionately high percentage of hotels versus serviced apartments, especially since there is also a choice of the range and quality for consumers to choose from.

FRASER SUITES KENSINGTON, LONDON



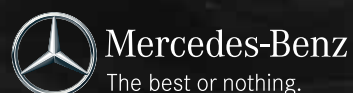
MERCEDES-BENZ LIVING @ FRASER
NOW AVAILABLE

Experience cutting-edge design and state-of-the-art media by design partners such as Swarovski and Burmester echoed within the sophisticated Victorian charm of Fraser Suites Kensington. At Mercedes-Benz Living @ Fraser apartments, experience the best of both worlds now.

For more information, please visit FRASERSHOSPITALITY.COM

A member of the Frasers Centrepont Group

AN EXCLUSIVE COLLABORATION



Partner Perspectives



Quest has experienced strong double digit growth in FY15/16, particularly in the key markets of Western Australia, New South Wales and Queensland, opening 13 new properties across Australasia.

Overall demand in Australia continues to outstrip supply in key business traveller markets, particularly in Melbourne and Sydney, and this gap is expected to widen over the next few years. The outlook for 2017 remains very positive with the key drivers for demand expected to remain the same in the immediate term.

While the mining sector and mining services industries have slowed in Australia, the diversified economy continues to grow with the focus now on the thriving tourism sector, along with education and gas. Deloitte Access Economics forecasts REVPAR to grow at an annual rate of between 4.1% and 4.6% over the coming three years, with projected room nights sold to grow by 3.0% per annum over the same period.

Growth over the last three years has been driven primarily by tourism, however Deloitte Access Economics did report that non-discretionary travel led the accommodation sector's growth in 2015, with business travel up by 18%. This is largely due to a combination of the decentralisation of corporate headquarters from CBD's out to regional centres and suburban business parks, as well as the continued growth in flexibility in the national and global labour force and its impact on the relocation market.

As the Australian economic landscape shifts, accommodation providers must listen and adapt to

meet the changing needs of their guests. By 2025 it is estimated that millennials will occupy 75% of the workforce and this market has very different requirements to the previous generation. Quest's product offering will continue to evolve in line with these changes – our ability to adapt has been the key to maintaining our leadership position for over 27 years.

The ongoing success of Tourism Australia's marketing and partnership programs, notable drop in the Australian dollar, fuel prices at an all-time low, and increases in airline capacity have seen the tourism sector boom. Most major airports are looking to expand their capacity, thereby increasing traveller numbers which in turn creates more demand for accommodation.

We are seeing growth in new and emerging inbound markets like China, India and Indonesia, as well as new growth in traditional source markets of New Zealand, Europe and the United States. Domestic travel is also on the rise, as many find it is far more cost effective than travelling internationally.

Apartment hotels continue to dominate the Australian market, and have done so for over a decade. The understanding, penetration, and consistency in the product offering of the apartment hotel category within Australia is much stronger than other parts of the world – the market share of apartment hotels in the accommodation sector is around 25%. Consequently, Quest is very optimistic about the positive future serviced apartment market here in Australasia with plans to open another 100 locations in Australia and 10 to 15 in New Zealand.



I CHOOSE TO GO THE DISTANCE

It's not an easy path, but it's the right one for me. I choose to do what it takes to make it to the top.

I work hard, but at the end of the day I feel empowered. I'm in charge of my career, I know where I'm going and I have the right people to help me get there.

CHOOSE YOUR DESTINY.


QUEST
APARTMENT HOTELS

Visit questapartments.com
or call +61 3 9645 8357

The Digital Experience

By Mark Harris

NB - the social audience figures quoted in this article were correct as at July 2015



A perennial challenge for corporate or leisure buyers, and therefore for serviced apartment operators, has been to find the products they want through their preferred booking channels.

But despite the march of the millennials, many serviced apartment booking processes remain over-complex, lacking either the three-click simplicity of modern direct hotel booking engines or the choice offered by the online travel agents (OTAs) like Expedia and Booking.com.

Researching and booking accommodation via mobile is no longer a trend of the future. According to eMarketer, in 2016 51.8% of travellers who book trips digitally will do so using a mobile device, compared to 43.8% in 2015.

As Figure 16 shows, although desktop PC or tablet still account for the larger volume of travel related sales, mobile is catching up quickly. This is partly explained by an evolving customer profile receptive to new booking methods and distribution channels, also known as 'disruption'.

Whilst the telephone is still an essential booking channel, serviced apartment operators cannot afford to ignore digital channels, so how are they exploiting the available opportunities?

Figure 16. US Digital travel sales by device, 2014 - 2019

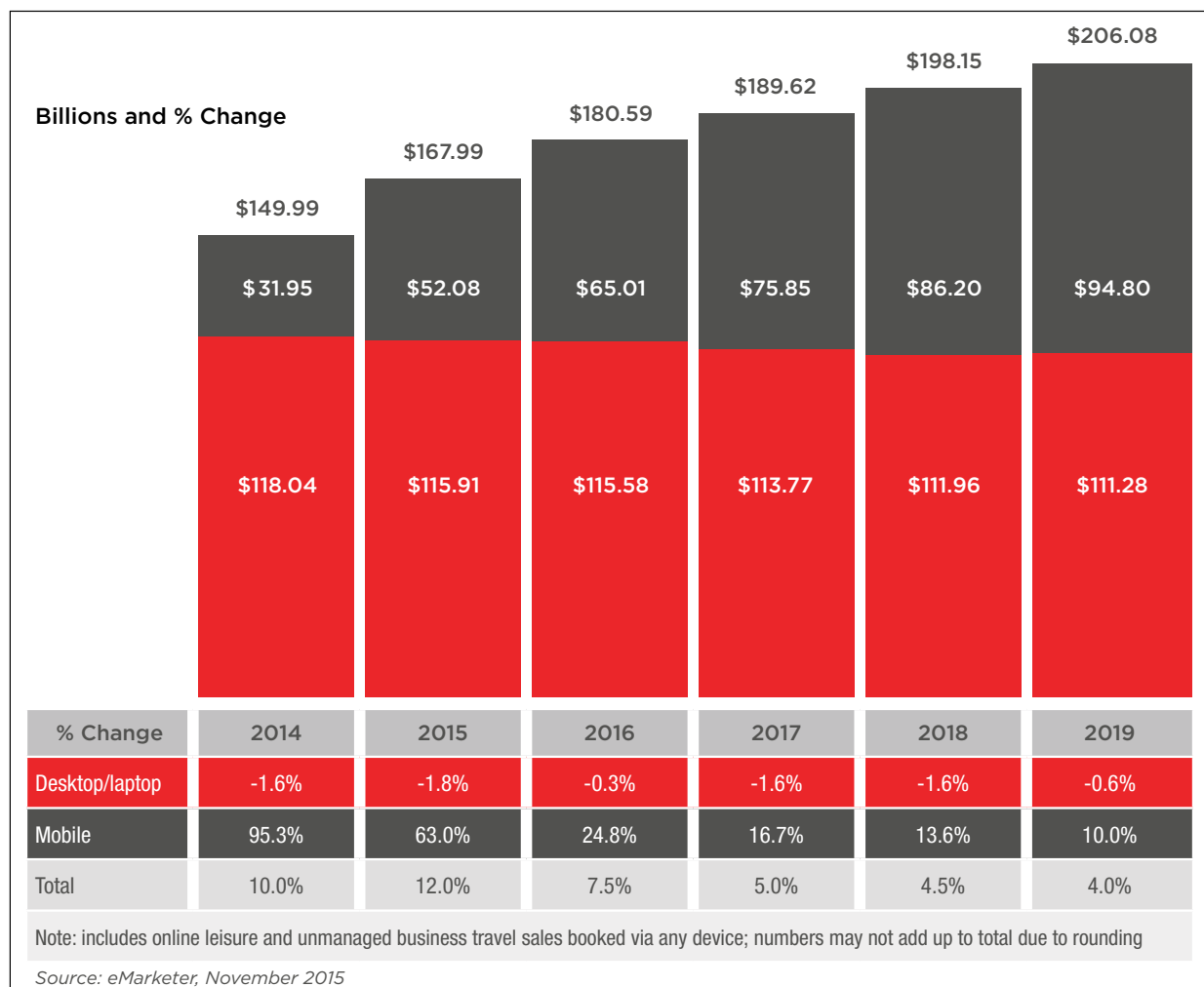


Figure 17. Source of bookings as a % of all bookings

	10%	20%	30%	40%	50%	60%	70%	80%	90%	100%	Total
Direct via website	24.01 32	18.60 24	13.18 17	12.40 16	10.85 14	3.18 5	6.28 9	0.78 1	3.88 5	4.55 6	129
From OTA's (eg Expedia, Hotels.com)	24.53 26	22.64 24	18.87 20	7.55 8	6.60 3	6.60 7	8.49 9	2.83 3	1.89 2	0.00 0	106
Via TMC's and RMC's (non GDS)	28.67 28	24.18 22	12.09 11	8.79 8	8.79 8	6.59 6	4.40 4	3.31 3	1.10 1	2.20 28	91
Via GDS	61.90 39	20.63 13	11.11 7	3.17 2	0.00 0	0.10 0	1.59 1	1.69 1	0.00 0	0.00 39	63

Source: The Apartment Service

"The big winners will be those booking platforms which become smart in predictive data; identifying what the customers will be buying and why, enabling solutions to be tailored to fit those needs. Really clever people will use different channels for different brands."

Max Thorne, JLL

Digital marketing

Globally, there are now 2.8 billion internet users and 5.8 billion mobile phone users, of which 2bn+ have smartphones (source: Thooz). According to Amadeus m-Power, 87% of global travellers use smartphones whilst on the move.

The UK is leading the mobile revolution. As Europe's uber-geeks, the Brits will make a predicted 21% of travel bookings via mobile compared to Italy at 20%, France and Germany with 18%, Spain and Scandinavia at 17%. As our GSAIR survey bears out, travellers' top priority in any serviced apartment is free, high speed WiFi.

More and more hospitality brands are defined by the digital experience they offer. From booking choice and content through to guest services, every interaction needs to express a consistent, recognisable identity.

In 2015, Serviced Apartment News and Travel Intelligence Network set out to quantify, analyse and compare brands' website content & functionality, social media and reputation management.

Our research, published in the Serviced Apartments Digital Benchmark, found that the extent of digital marketing undertaken by serviced apartment brands varies wildly. Some have fully embraced the opportunities for engagement that

digital provides; others have not. The reality is that the digital world is here to stay. Brands that are late adopters risk doing significant damage to their businesses.

Social media

Social media offers a platform for both brand and reputation management. According to eDigitalResearch, consumers predominantly use social media to provide positive rather than negative feedback (6% compared to 2%), with a direct link between customer satisfaction and ease of contact using live chat functionality.

79% of consumers now trust online reviews as much as a personal recommendation. TripAdvisor estimates that 60% of hospitality providers invested an unprecedented amount of money in online reputation management in 2015. Today, no serviced apartment's technology platform can afford to be without a social media toolkit.

As Figure 18 shows, Facebook is the world's most popular social media network, followed by YouTube, Twitter, Google+, Instagram and LinkedIn. An estimated 71% of all internet users now use Facebook, which receives 809 million monthly visits, with 416 million holding Twitter accounts (source: Jeffbullas.com). 53% of all adults use social media to follow brands whilst 4 out of 5 actively follow blogs.

Web marketing today is all about sharing information. The influence of review sites such as TripAdvisor and Yelp are huge.

80% of consumers now use the internet to decide their travel plans (source: Google Think, Ipsos MediaCT) with TripAdvisor displaying 125+ million reviews to an average 260 million unique visitors every month. According to SocialMediaToday.com, on average travellers read 6 - 12 TripAdvisor reviews before booking, so there is a definite correlation between a property's TripAdvisor score and its RevPAR (revenue per available room).

Figure 18. Social media by numbers

Facebook	Twitter	Google+	Instagram	Pinterest	YouTube
1.5+ billion users	400m Tweets sent every day	70% of brands have presence	300m monthly users	83.8% of luxury (59% of all) brands have a presence	100 hours of video uploaded every minute
223m users in Europe	50% 80% of online B2B consumers use Twitter	39% of B2B marketers use	Users spend on average 21 minutes a day on the App.	40m photos uploaded every day	
70% of B2C marketers have generated business via Facebook					

Sources: Hubspot, Facebook, Twitter, Search Engine Journal, Nielsen, Braffon, KPCB, L2, Instagram, Simply Measured

Social media & serviced apartments

The serviced apartment sector is light years behind other segments of travel when it comes to social media, driven in part by the financial necessities of allocating limited marketing resources into the most relevant and productive channels.

Amongst all travel providers, airlines dominate social media. Emirates and KLM are the most talked-about travel brands on Facebook, whilst the accommodation brands with the greatest penetration are Hilton, Four Seasons, Best Western, and Sofitel.

Many travel brands have been posting videos on *YouTube* for some time, but the medium could become more popular still following the announcement that the platform is considering making a dashboard available to travel brands. In the same way as YouTube's Music Insights enables artists to track their most popular videos.

To put things in context, the serviced apartment brand with the greatest reach on social media is Marriott's Residence Inn. Of its 400,000+ total social media audience, 379,000 are derived from Facebook. But compared to the travel mega-brands, this equates to less than 30% of Hilton's Facebook penetration and around 4% of KLM. The serviced apartment operators with the highest number of Facebook followers tend to be those extended stay brands owned by international hotel chains.

Together with Residence Inn, the IHG-owned Candlewood (131,000 social media users) and Staybridge Suites (112,000 users), Hilton's Homewood by Hilton (70,000) and Accor-owned Pierre et Vacances (117,000 users) represent five of the top six serviced apartment brands by social media traffic volume.

This can be partially explained by the extended stay brands piggy-backing on the collective appeal and resources of other brands in their parents' portfolios. By contrast, other hotel chain-owned brands such as Adagio deploy dedicated social media strategies, whilst other leading serviced apartment brands deploy a location-specific strategy, creating Facebook and other social media sites for individual properties, destinations or regions.

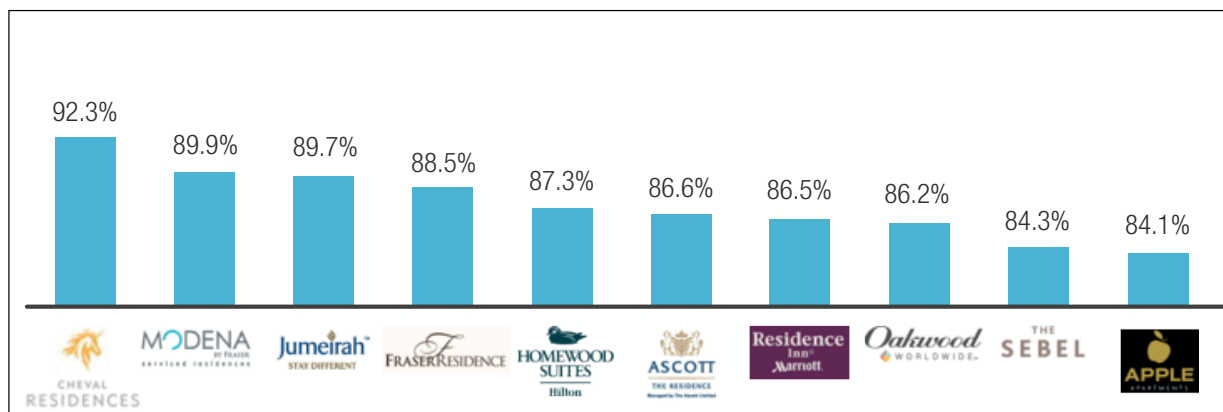
The sector has much work to do. Although more and more serviced apartment brands are using social media to build their businesses. Of the standalone (i.e. not owned by a hotel chain) serviced apartment brands, just one – The Ascott Ltd has over 50,000 users through a central presence.

Online reputation management

According to Professor Chris Anderson of Cornell University, *"positive online reputation doesn't merely provide higher pricing power for online sales. It is correlated to higher group booking rates and corporate negotiated rates in addition to reservations made over the phone."*

In 2012 Cornell University used ReviewPro data to prove that a 1 point increase in a property's GRI results in up to a 1.4% increase in RevPAR. In 2015 ReviewPro aggregated 331,303 online guest reviews published over a 12-month period. The results are shown at Fig 19, with Cheval Residences leading on guest satisfaction for serviced apartment brands with an impressive overall GRI of 92.3%. The next best performing brand was Modena Residence with a GRI of 89.9%, followed closely by Jumeirah Hotels, Fraser Residence and Homewood Suites.

Figure 19. Top 10 serviced apartment brands by Global Review Index



Source: ReviewPro

In-room

Digital is not just about distribution however. Many operators are now extending their digital presences to in-room amenities and guest services. Some now offer key-less entry through smart-phone or android. Others exploit the opportunity to offer their guests a more personalised service, pre-loading TV channel and music choices into sound and vision equipment before arrival. Mobile concierge services are increasingly common, providing guests with instant information through a mobile app.

For example, the Mercedes Living @ Frasers brand combined the look, feel and touch of a Mercedes car with the hospitality expertise of Frasers. Guests are able to personalise a number of the amenities available to them.

The next logical step will enable guests to pre-programme central heating systems, food delivery orders, courtesy vehicles and taxis from a single app. At every click the operator can discover more about their guests and ensure that they tailor-make future services accordingly.

Conclusions

For a relatively young, but rapidly expanding hospitality sector, the disparity between the focus given by serviced apartments to social media, online reputation management and even basic website functionality is alarming.

For example, despite the growing importance of mobile in the distribution landscape, around half of the leading brands' websites are not mobile enabled.

There are two distinct approaches to social media presence practiced by serviced apartment brands. The brands with a hotel heritage mainly follow the central, branded Facebook and Twitter pages, whereas many of the standalone serviced apartment brands have adopted a location-specific approach, which makes it difficult to calculate their overall social media audiences.

Facebook and Twitter are currently the only social networks to have any real traction amongst serviced apartment brands. Instagram and Pinterest are dwarfed in audience terms by Facebook and Twitter in this sector.

The hotel chain-owned serviced apartment brands are benefitting from their parents' marketing infrastructure – especially digitally. The legacy serviced apartment brands do not have this luxury and so must create their own digital marketing infrastructures.

There is much work to be done by marketers if they are to reap the full rewards from the available opportunities for customer engagement. Brands jostling for awareness and a greater share of the business and consumer markets already have the means to do so at their fingertips. They just need to join up the dots.

Regional Reports Global Overview



We live in uncertain times. Economic growth across the world is fragile, threatened by increasing geopolitical unrest, a potential US interest rate rise, volatile oil prices and the Eurozone in crisis.

The International Monetary Fund predicted a global GDP growth of 3.2% for 2015, with the advanced economies showing an improved outlook but with slower growth in the emerging MINT (Mexico, Indonesia, Nigeria and Turkey) nations.

The normally strong Chinese economy has been struggling, with sharp stock market falls during the summer of 2015 giving rise to concerns over the immediate future for the economic high-flyers of three years ago.

Geopolitical events are also impacting the global financial markets. Conflict now stretches across parts of Russia and Ukraine, North Africa and the Middle East, whilst the migrant crisis is a clear and present danger to counties inside and out of the Eurozone. The impact of the Brexit decision is also shrouded in doubt.

It is against this background that global travel continues to thrive. In 2014 arrivals topped 1.1 billion, a rise of 4.5% over the previous year, and although 2015 saw a slower rate of growth, a 3.7% increase sent arrivals soaring to 1.14 billion. Further growth of 4.3% is predicted for 2016 by the World Travel Monitor.

Expenditure on travel is also rising. The Asia Pacific region is predicted to see the fastest growth in in-bound expenditure over the next five years. Mobile as a booking channel has become mainstream; consumers booked US\$96 billion worth of travel on their mobile devices in 2014 alone.

The number of overnight stays is rising too. From January to August 2015, 7.5 billion hotel nights were consumed, according to the World Travel Monitor, with global outbound travel continuing to be driven by Asia and North America although, as Figure 19 shows, Germany, the US and UK provide the biggest outbound markets.

Figure 20. Top countries by overall outbound trips and spend

#	Top outbound markets by trips	Top outbound markets by spend
1	Germany	USA
2	USA	China
3	UK	Germany
4	China	UK
5	France	Japan
6	Canada	Canada

Source: ITB World Travel Trends Report 2016

The emerging markets have transformed the corporate mobility landscape, boosting passenger numbers at Heathrow in 2015 to a record-breaking 75 million. Passengers to and from China rose by 14%, whilst Latin America and the Middle East delivered increases of 8% and 6% respectively. Other air transit hubs have seen significant increases in passengers, especially from Asia, and from China in particular.

The 2015 American Express Global Business Travel Survey highlighted the importance of emerging economies to British business travellers. Whilst New York again tops the list of intercontinental destinations, “...emerging markets are making headway” the report confirmed.

Improved relations between Cuba and the US are evidence that more countries are opening their borders to foreign investment. Vietnam and Mexico have both shown significant economic growth as a consequence of companies becoming able to do business there, and have become new destinations for relocation assignees.

Amidst rising costs for foreign manufacturers in mainland China, some international businesses are relocating to Vietnam, where the traditional textile sector is being rivalled by a number of others including electronics. In 2015, rising hi-tech exports powered a 6.7% economic growth – Vietnam’s best for eight years – whilst the Saigon Hi-tech Park outside Ho Chi Minh City will soon house Samsung’s new \$2 billion complex.

With a shortage of housing stock of a standard acceptable to ex-pats, both countries are now an attractive prospect to serviced apartment operators like The Ascott Ltd and Frasers Hospitality. The Ascott Ltd signed 14 management contracts in South East Asia in 2015, trebling its presence in the region.

Mexico is the most visited country in the Americas and Mexico City is predicted by PwC to become the seventh-richest city in the world by 2025. In 2014, Mexico’s energy industry was opened up to foreign investors for the first time for more than 75 years, attracting increased overseas investment in tobacco and electronics. Mexico’s major trading partners now include the US, China and Japan.

Despite the fall in oil prices and currency issues, Mexico City’s real estate sector is thriving. According to Knight Frank, 52 million square feet of new office space will come on-stream in the next three years and there are serviced apartment players eyeing up opportunities and opening there.

International investment is also a feature of the serviced apartment sector, as Mak Hoe Kit, Chief Investment Officer at Frasers Hospitality explains.

"In 2015 hotel transactions globally were valued at US\$85 billion, with lots of capital inflows from various countries especially China. Private equity and sovereign wealth funds are active buyers. We expect mergers & acquisitions to continue with wealthy Chinese groups buying up hotels and chains to serve Chinese tourists. We are already seeing hotels employing Chinese speaking staff for the same reason."

"At Frasers Hospitality we believe that as the countries grow further, we can go deeper into the secondary cities as we have done in China."

Regional reports – the serviced apartment sector

In the next section of this report we will take a closer look at the extended stay markets in seven global regions, drawing on the first hand testimony of serviced apartment professionals living and working in these regions, as well as upon our own research and that of other organisations in the sector.

The city rates analysis shown for selected cities at the end of each region were compiled during March and April 2016. Figure 21 shows the calculations for exchange rate.

Figure 21. Currency conversion calculation

Exchange range to USD	Exchange range to EUR	Currency
1 ZAR = 0.069 USD	1 ZAR = 0.0612 EUR	ZAR
1 KES = 0.0099 USD	1 KES = 0.0087 EUR	KES
1 ARS = 0.0699 USD	1 ARS = 0.0616 EUR	ARS
1 BRL = 0.2813 USD	1 BRL = 0.2501 EUR	BRL
1 CAD = 0.79 USD	1 CAD = 0.6987 EUR	CAD
1 INR = 0.0150 USD	1 INR = 0.0133 EUR	INR
1 HKD = 0.1289 USD	1 HKD = 0.1138 EUR	HKD
1 CNY = 0.1540 USD	1 CNY = 0.1360 EUR	CNY
1 SGD = 0.7396 USD	1 SGD = 0.6538 EUR	SGD
1 JPY = 0.009 USD	1 JPY = 0.008 EUR	JPY
1 AUD = 0.7740 USD	1 AUD = 0.6834 EUR	AUD
1 NZD = 0.6891 USD	1 NZD = 0.6086 EUR	NZD
1 EUR = 1.1295 USD		EUR
1 GBP = 1.4576 USD	1 GBP = 1.2907 EUR	GBP
1 RUB = 0.0151 USD	1 RUB = 0.0134 EUR	RUB
1 AED = 0.2723 USD	1 AED = 0.24 EUR	AED
1 QAR = 0.2747 USD	1 QAR = 0.24 EUR	QAR

Source: xe.com

Regional Report Africa

Introduction

Despite much slower economic growth in 2015 compared to 2014, Africa continues to see rising international inbound business and leisure travel volumes. Airlines and hotels enjoyed a much better year than they did in 2014, when the after-effects of the Ebola epidemic in West Africa were still being felt.

Since 2000, Africa has seen an average GDP growth of over 5% per annum, with the Sub-Saharan region averaging growth of close to 6%. Africa's economic progress has come from a range of sources including the oil, gas and mining sectors but these industries are now being challenged by technology start-ups flourishing across the region.

According to the World Bank, over 50% of African countries now have at least one technology hub, whilst investments via the tech hub model have doubled over the last two years. Ghana's Hope City will employ an estimated 50,000 people on software design and manufacturing; Kenya's Konza Technology City is being built 60 miles from Nairobi. Each of these new technology cities includes plans for hotel developments – and serviced apartments, as Mark Essien, CEO of Hotels.ng affirms.

“The growing technology sector in Africa is helping to expand the travel industry. Easier online discovery, combined with growing consumer confidence in online bookings has made it extremely straightforward for us to cater directly to travellers' needs.”

But the biggest gains will come to the hotel industry, with a fourfold growth from 1.4% to 6.0%. Even intermediaries, such as online booking agencies, will grow nearly six times to 5.9%, from the negative growth booked in 2014. As Figure 22 shows, almost every hub in Africa is seeing annual compound growth of 3.5% and over.

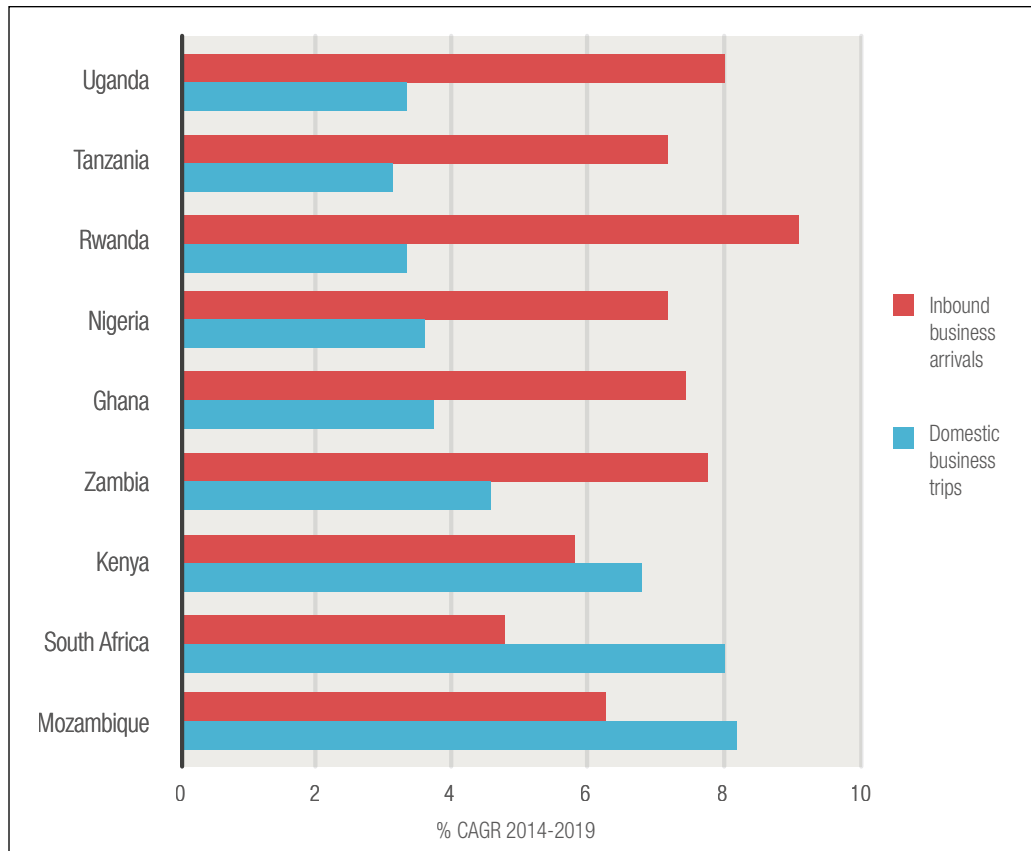
Many companies find it tough to do business in Africa due to the inconsistencies in infrastructure from country to country, from electrical supply to transportation networks and unemployment.

Nevertheless, the possibilities posed by Africa are encouraging employers to invest in assignment and relocations to the continent, especially in Sub-Saharan Africa. For example, Rwanda has a much higher proportion of women in the workforce compared to other nations globally, whilst the region has one of the world's youngest populations.



**SINCE 2000, AFRICA
HAS SEEN AN AVERAGE
GDP GROWTH OF OVER
5% PER ANNUM
WITH THE SUB-SAHARAN
REGION AVERAGING
GROWTH CLOSE TO 6%**

Figure 22. Business travel in Africa; Compound Annual Growth Rate (CAGR) 2014-2019



Source: GBTA

The volume of assignees deployed in Africa remains low, tending to be business-critical and highly targeted. The main locations to which companies are sending their people are Accra in Ghana, Lagos in Nigeria, Johannesburg and Cape Town in South Africa. As we will see, these locations are where the bulk of serviced apartments are concentrated.

Research by Crown World Mobility found that 89% of companies surveyed were deploying assignees in Africa on long term projects, compared to 56% on permanent relocations and 50% on short term projects. Security remains the biggest challenge for 94% of companies, followed by cultural adjustment and assignee acceptance.

Hotel pipeline in Africa

The African continent continues to attract overseas investors. As at March 2016, W Hospitality Group estimates there are 64,000 rooms in 365 new hotels in the pipeline, a rise of almost 30% in just 12 months.

Sub-Saharan Africa is proving particularly appealing, showing a rise of 42% in pipeline compares to South Africa's 7.5%. Angola has soared to the top of the country rankings, largely due to Accor's agreement to build 50 new hotels

there. Together with Nigeria, these two countries account for 30% of the overall pipeline.

By contrast, the number of new hotels planned for North Africa has fallen by around 25% since 2011. This is due in part to these being mature markets with fewer opportunities for new development, and to the political turmoil in both Libya and Egypt. Libya's hotel pipeline has shrunk by 40% during this period.

Serviced apartments in Africa

At the time of the last GSAIR there were 8,802 serviced apartments in 102 locations in Africa. Today there are 9,477 in 166 locations, a rise of 7.6% and 62.7% respectively in just 18 months. This shows the rising level of interest in the sector, although supply is still limited across the African continent, with a particular shortage of quality serviced apartment accommodation. Where there is supply, the range of amenities and service available to guests often extends purely to daily cleaning.

However there are hot spots, such as Cairo (Egypt), Marrakesh (Morocco), Accra (Ghana), Dar As Salaam (Tanzania), Abuja (Nigeria) and Nairobi (Kenya). Business travellers to Nairobi make up 26% of all arrivals; business travel and conference delegates accounts for 31% in Accra.

The global serviced apartment brands are gaining a foothold. In 2015 Marriott opened the first Marriott Executive Suites in Addis Ababa in partnership with Sunshine Business. Marriott now plans to open an additional 12 properties across Africa by 2020. Residence Inn is looking to open in Accra and Lagos, and Frasers, The Ascott Ltd and Adagio are also targeting the sub-Saharan market.

The new wave of multinational and tech start-up companies looking for offices in African cities is generating demand for high quality residential space to house a growing international assignee population, especially in key regional hubs such as Nairobi and Lagos.

In the light of increasing demand for long stay accommodation, why is there under-supply in the extended stay segment? The answer probably lies in the immaturity of the African hospitality market; five-star developments tend to come first in developing countries, followed by the mid-scale and budget sectors. In Africa, the next step is to develop branded, extended stay, evidenced by investors planning major developments in Nairobi and Accra.

And like any immature market, lack of recognition is a major problem, as Abi Adisa, CEO of Amara Suites, told Serviced Apartment News in November 2015. *"The serviced apartment sector is classified under the hospitality sector...so serviced apartments are often mistaken for hotels. Fortunately there is a slew of emerging market economies around the world in which serviced apartments experienced a similar journey from obscurity. That's what is beginning to happen in Africa."*

Another restraining factor is the taxes and fees imposed by governments in different areas of Africa, including Nigeria. These range from land levies to consumption taxes, sanitation taxes and radio licenses, the cost of which can only be recouped by operators through higher rental rates. However, as Abi Adisa points out, *"some governments are making an attempt to reduce this limiting force, recognising the negative impact it has on foreigners trying to do business."*

Ghana

In common with other countries in Africa, supply of serviced apartments in Ghana, West Africa is largely restricted to un-branded or locally operated, independent properties. Typically, local offerings tend to be one or two bed apartments. By contrast, Accra is well served by international hotel brands. Movenpick, Golden Tulip and Holiday Inn are all in evidence, catering for the business traveller.

However demand for long-stay accommodation is rising fast. The in-bound business travel market is growing by 6% year on year, due in part to the thriving oil sector. According to Colliers International, the UK and USA are Ghana's two largest source markets, accounting for 8% and 10% of arrivals respectively, although the Ghana Tourism Authority is trying to diversify by targeting the Malaysian and Chinese markets.

Kenya

As we have shown, the Kenyan capital Nairobi is an increasingly important regional hub, attracting international companies engaged on long-term projects to East Africa.

Serviced apartment supply in Nairobi covers the full spectrum of apart-hotel, branded residence and corporate housing products, the first differentiated as in other countries by the provision of 24 hour reception, housekeeping and laundry services, on-site restaurants and other amenities.

Although one bedroom apartments are the most popular, however two-bed units are growing in popularity. Three bedroom apartments tend to be serviced, but unfurnished.

The total number of serviced apartment units in Nairobi has risen on average by 26% every year since 2011, with the greatest concentration in the Westlands area of the city. More recent additions tend to be larger complexes with more apartments, with more up-scale products and amenities. This rapid growth has given rise to concerns over future over-supply, however Nairobi has a number of emerging areas, such as Upper Hill, where demand is rising from assignees working in the neighbouring commercial districts.

HVS predicts that, as the local market matures, demand for specialist management services will lead to the emergence of branded operators such as Adagio and Hyatt managing properties as they do in other regions. This should produce greater standardisation of products and a general up-lifting of standards.

South Africa

The hospitality sector in South Africa is the most mature and diverse on the continent, driven partly by globalisation and partly by South Africa's re-entry in to the global tourism economy after 1994. Since 2009 the serviced apartment sector (often referred to locally as the executive serviced apartment sector) has expanded significantly alongside other hotel alternatives such as hostels, timeshares and guest houses.

The local market is dominated by serviced apartment complexes and hybrid developments that combine serviced apartments with either residential or traditional hotel products. Two-bed apartments are the most popular, although studios and one-bed apartments also feature. The majority are privately-owned, with Marriott again leading the charge on behalf of the major brands.

Johannesburg and Cape Town are South Africa's most popular destinations for foreign investors, and are joined by Pretoria and Ekurhuleni as the major hubs for international business tourism.

There is a strong grading culture in the South African serviced apartment market, which adopts the same criteria as hotels and self-catering establishments. According to Greenberg & Rogerson's *A new phenomenon in urban tourism*, 74% of serviced apartments are graded, with the largest group being classified as four star or five star. Average rental periods range from two weeks to three years.

Supply

We estimate that there are 9,477 serviced apartments in 166 locations across Africa. On this basis, Africa accounts for just 1.15% of the global serviced apartments market in 1.54% of the world's serviced apartment locations. The major operators in the region are shown at Figure 23.

Rates

The significant disparity seen between the average rental rates for a studio apartment in the primary South African market and the emerging markets in our last GSAIR has been eroded. A studio apartment now cost €58 in Nairobi for stays of up to one week compared to €63 in Cape Town.

Internationally, serviced apartments in Africa cost, on average, less than anywhere else in the world except Central and South America.



Figure 23. Principal operators in Africa

		Locations	Apartments
Atalayoun Golf resort		1	2,400
Southern Sun resorts		4	610
Courtyard Apartments - South Africa		6	451
Executive Apartments and Hotels	Sandton - RSA	6	253
Village and Life		6	221
Three Cities Group: Bantry Bay & Mandela Rhodes Place - Cape Town	Three Cities Group	2	125
Belaire Suites - Durban		1	124
Relais hotels		4	116
Suite Novotel Marrakech	Accor	1	112
	Sub Total	31	4,412
	Total for the region	166	9,477

Source: The Apartment Service

Figure 24. City rates analysis - Africa

	STUDIO					ONE BEDROOM					TWO BEDROOM				
	2015/16 rate		2016/17 rate			2015/16 rate		2016/17 rate			2015/16 rate		2016/17 rate		
	Local currency	Local currency	US\$	Euro	YoY variance %	Local currency	Local currency	Local currency	US\$	Euro	YoY variance %	Local currency	Local currency	US\$	Euro
AFRICA															
Cape Town (ZAR)															
1-6 nights (nightly rate)	ZAR 1,030	ZAR 1,030	USD 71	EUR 63	0%	ZAR 1,135	ZAR 1,100	ZAR 1,710	USD 76	EUR 67	-3%	ZAR 1,700	USD 117	EUR 104	-1%
7 nights + (weekly rate)	ZAR 1,030	ZAR 6,450	USD 445	EUR 395	526%	ZAR 6,623	ZAR 6,600	ZAR 10,300	USD 455	EUR 404	0%	ZAR 10,300	USD 710	EUR 631	0%
One month + (monthly rate)	ZAR 1,030	ZAR 13,700	USD 945	EUR 840	1230%	ZAR 14,000	ZAR 13,900	ZAR 18,600	USD 959	EUR 852	-1%	ZAR 18,400	USD 1,269	EUR 1,127	-1%
3 month + (monthly rate)	ZAR 1,030	ZAR 12,800	USD 883	EUR 784	1143%	ZAR 13,650	ZAR 13,500	ZAR 17,300	USD 931	EUR 827	-1%	ZAR 17,000	USD 1,173	EUR 1,041	-2%
Nairobi (KES)															
1-6 nights (nightly rate)	ZAR 1,030	KES 6,700	USD 66	EUR 58	550%	KES 9,800	KES 9,500	KES 11,900	USD 94	EUR 83	-3%	KES 11,800	USD 117	EUR 103	-1%
7 nights + (weekly rate)	ZAR 1,030	KES 34,000	USD 336	EUR 297	3201%	KES 61,350	KES 61,000	KES 66,100	USD 603	EUR 532	-1%	KES 66,000	USD 652	EUR 576	0%
One month + (monthly rate)	ZAR 1,030	KES 121,000	USD 1,196	EUR 1,055	11648%	KES 181,225	KES 181,000	KES 211,450	USD 1,788	EUR 1,579	0%	KES 211,000	USD 2,085	EUR 1,841	0%
3 month + (monthly rate)	ZAR 1,030	KES 116,000	USD 1,146	EUR 1,012	11162%	KES 169,450	KES 169,000	KES 203,500	USD 1,670	EUR 1,474	0%	KES 200,000	USD 1,976	EUR 1,745	-2%

Disclaimer: These rates are average rates and may vary per location, time of year, regional promotions and specific lengths of stay. Rates quoted are based on an average 4 star extended stay property and exclude taxes. Exchange rates used March 2016.

Source: The Apartment Service



ARRIVALS INCREASED TO 5.7 MILLION IN 2015

Introduction

Asia's economy is showing consistent and robust growth which is translating into travel's contribution to the region's economy.

Arrivals increased to 5.7m in 2015, up 0.7% on 2014 but still well behind 2013's 6.9m. A growing middle class is driving demand for travel both within and outside Asia, but it is the booming outbound business and leisure tourism from China and, to a lesser degree, India that is accounting for the rise in business seen by air and accommodation providers.

As Chinese nationals have become more widely-travelled, back home the sharing economy has finally arrived. Car sharing and private rental websites are both popular; Tuija concentrates on short-term luxury apartment rentals, whilst Mayi and Xiaozhu deal exclusively in the domestic accommodation markets.

Business air fares in the region are predicted to show modest growth in 2016, especially in the domestic economy segment where high-speed rail is a strong competitor in China and Japan. Fares will also be driven up by increased demand from the newly-mobile Chinese middle classes.

"There is so much growth and competition in China's short-term rental market that we have made the strategic decision to invest in a strong, local partner who can react quickly to the changing local market."

Carl Shepherd, Co-founder of HomeAway

Serviced apartments in Asia

It is estimated that, over the last 10 years, demand for serviced apartments across the Asia-Pacific region has grown by up to 25% as employers offer short-term contracts to plug skills gaps and manage costs.

Seen several decades ago as an early disruptor, intruding into the traditional hotel space, serviced apartments in Asia today are more likely to be an accepted part of the formal accommodation industry in most urban destinations, and part of any serious investors or heritage brand operators overall approach to building their market inventory.

From being early opponents, most heritage hotel brand operators no longer show reluctance to be also seen to manage serviced apartments among the accommodations offered to their customers. The two largest, branded operators, The Ascott Ltd & Frasers, are Asian based, & involved with rapid expansion almost everywhere, while linked to ownership that carry traditional hotels in their own real estate holdings.

The emergence of serviced apartments into Asia's growing list of leisure destinations is also only a matter of time as the emerging middle classes grow their desire for comfortable family holidays, and developers no longer see luxury villas as the only avenue to maximize profit from long staying families on holiday.

Whether a gradual embrace of fractional sales, or branded management will be the main avenue for the growth in larger space units, and new inventory expansion, is dependent not only on a resort destination's particular long term appeal, but also the level of its sustainable growth.

In the meantime, the region's serviced apartment operators are seeing a shift in their guests' demographics, as Loraine Berry, Head of Development at Lanson Place explains. *"Alongside seeing the more familiar western expatriates, we are now welcoming more Pan Asian project workers, consultants and entrepreneurs, who are travelling within the Region on shorter term assignments or who are simply using serviced apartments as a second home base to expand their own personal businesses. As a result, our properties have been quick to personalise tailor-made amenities, services and residential activities that cater to the varying cultures of our tenants."*

"Our consumers are also savvier with accommodation choices, seek value for money yet as they are well travelled; they look for unique 'home away from home' experiences to satisfy both their business travelling requirements alongside their need for seamless connectivity to their social lives in a more relaxing environment. Although our consumers want attention to their every detail, they are still looking for a more private and exclusive address as opposed to the larger and more impersonal conventional hospitality offerings that cater for the mass market."

Berry believes there is still ample demand for all extended stay options, especially in more de-centralised areas. *"As real estate prices and rentals continue to increase in the prime areas, there's over supply in residential developments and improved infrastructure allows commuters to consider more affordable hospitality options. A combination of various hospitality components may also give the developer more flexibility to achieve the overall outcome of selling in the long term allowing the operator to market the destination, build the demand and establish a community in the interim."*

In any case of market volatility, a drop in the economy or sudden unforeseen demand drivers that impact performance, these models also remain sustainable due to the longer length on contracted tenancies signed with the additional cost efficiencies delivered."

Today, there are new disruptors, that hotels consider more invasive such as Airbnb, HomeAway or VRBO in the 'sharing economy' affecting the return potential of traditional hotel developers space and which have hotel operators now more worried than ever about providing the expected net returns to increasingly sophisticated Asian hospitality investors.

What remains, as for hotels, is that branded serviced apartments will more often likely benefit from being linked to major management names and distribution networks than those attempting to stand-alone in the international marketplace.



Hong Kong

With 27.8m visitors a year, according to Euromonitor, Hong Kong is the number one city destination in the world.

Chinese tourists account for 67% of all visitors to Hong Kong, the gateway between China and the rest of the world. Hong Kong has been a major beneficiary of booming demand for international travel amongst the Chinese, in 2015 announcing a third runway to be built at HK International Airport, scheduled for completion by 2023.

However many locals are beginning to protest against domination of HK market by Chinese nationals. Much of the in-bound traffic from China does not stay overnight; hotel stays have declined by as much as 20% as Chinese nationals travel further afield to Japan, South Korea and Europe.

Pilar Morais is Executive Director at Hong Kong-based serviced apartment operator CHI International. She offers this assessment of the local market.

"Locally, demand is levelling off" she says. "A lot of Chinese tourism has disappeared from Hong Kong and local hotels have reacted by dropping their rates. The business market is growing as corporates' understanding of serviced apartments matures, but budgets are definitely getting tighter - especially in upper/middle management markets. Rates haven't changed much year-on-year, but there's now fierce competition between hotels and apartments as people compare the two."

Hong Kong remains a financial and business hub for the region, with serviced apartments the accommodation of choice for many business travellers and assignees. However China is creating even fiercer competition, as Pilar explains. *"An assignee relocating to Shanghai will probably sign a two year lease for the same price of a one year lease in Hong Kong."*

The demarcation lines between hotels and serviced apartments are blurring too, as hotels expand into the serviced apartment sector, with fewer dedicated serviced apartments being built. *"Old Hong Kong families are converting existing properties into apartments" says Pilar. "There are regulatory issues but basically it's easier to build a hotel and convert it rather than build a residential unit. Investors want the biggest possible return per square metre."*



"We are also seeing lots of boutique brands pop up in the market. This new stock coming on board is forcing existing players to find new ways to retain and attract business."

Whilst the needs of the millennial traveller may be redefining the guest experience in other markets, there's no sign of this in Hong Kong. However Pilar Morais is seeing a shift in purchasing habits. *"We used to have a lot of direct relationships with corporates, but nowadays they are outsourcing, increasingly towards RMCs - the 'box movers'. 60% of our business is now indirect, 20% comes from OTAs and only 20% is direct."*

The sharing economy providers are yet to make their presence felt in Hong Kong. *"Airbnb hasn't taken off locally because corporates insist on properties being vetted, rates are very low and there's a cultural element too. In Hong Kong, if you have a spare room the chances are that it's filled by family members."*

Pilar admits, however, that her industry colleagues will, in time, need to understand the demands of the next generation of travellers. *"Millennials just seem to want very high speed internet" she says. "We know we have to do more to attract new customers but the next two years for us are all about consolidation. There could be tough time in Hong Kong compared to other markets in Asia where there are plenty of opportunities for growth."*

Singapore

Singapore is now the 3rd most popular city destination in the world. 17m travellers arrived locally in 2015, the bulk of whom were business travellers.

Like Hong Kong, Singapore has benefitted enormously from the explosion in outbound travel from China. However there have been fewer in-bound visits from China in 2015 due to the Chinese austerity programme. Land for development is also scarce in Singapore, limiting the expansion of accommodation supply. Singapore is also seeing greater competition from low-cost destinations in Thailand, however Singapore Airlines is expanding. In 2015 the airline announced partnerships with Shenzhen Airlines and US low-cost carrier JetBlue to drive more two-way traffic.

Singapore's economy is expected to grow modestly in 2016. For local serviced apartment operators, as one puts it, *"this is the new normal"*. They face direct competition from new entrants as well as indirect competition from sharing economy providers like Airbnb.

Demand for serviced apartments has reached a mature level in Singapore. Here, serviced apartment occupancy exceeded that of hotels between 2010 and 2012.



Operators like Far East Hospitality continue to leverage their advantage in prime locations. In 2016 they will open three new hotels and serviced residences in Singapore and Malaysia, adding over 700 rooms to their growing portfolio. The Oasia Residence, Singapore will open towards the end of 2016 on the west coast of Singapore, close to the business parks and education institutions in the area.

Japan

International arrivals to Tokyo have recovered from the 2011 earthquake and tsunami; also seeing growth in Chinese traffic. Monocle rates Tokyo as the world's #1 city for Quality of Life due to the strong and affordable transport system; quality and affordable food, friendliness of the residents, safety of the city, peace and quiet.

Paul Yang is Business Development General Manager at local serviced apartment operator Space Design, Inc. Paul confirms that there is a strong growth in the market particularly in central Tokyo.

"New serviced apartments are being opened by various operators and developers because, compared to the UK and USA, the sector is still underdeveloped. Due to the rapid growth of overseas travellers for either tourism or business coming into Japan as well as activities for 2020 Tokyo Olympics heating up, demand for short to mid-term accommodation is becoming even more pronounced."

"Hotel developers and operators are not able to keep up with this rapid increase in demand as supply capacity is added minimally in large part due to lack of available land meeting local regulatory requirements. Accordingly, users are looking for alternative accommodation such as serviced apartments, drawing interests from investors and other real estate operators."

Japanese serviced apartments are concentrated mainly in Tokyo and are used primarily by blue chip corporates. *"Our occupancy level is around mid-80 to high 90% depending on season"*

says Paul. *"Around 80 to 90% of our guests are corporates, of which over 70% are from overseas. More and more clients are using booking and relocation companies to reserve their stays with us, although the majority of our bookings still come direct from corporates."*

Local supply is mainly branded, although local brands are strong. Extended stay products make up around 40% of supply, corporate housing 30%, aparthotel 20% and branded residence 10%. Limited land space, Federal Acquisition Regulation (FAR) and local regulations drive the architectural design of the apartments whose spaces are efficiently designed to maximize the usable area. Space Design Inc's serviced apartments use customized Furniture, Furnishings & Equipment (FFEs), however Paul says that other providers have specifications that are comparable to the global standard.

"Right now, the sector is underdeveloped in Japan, and there is no unified quality control program particular to serviced apartment sector. However, we strictly adhere to the city regulations in terms of insurance, fire safety and other code of conduct to provide the services. Because the regulations in Japan are very strict, we believe that the quality of serviced apartments in Japan in general is quite high and could be considered as a default program to ensure required quality."

The main barrier facing the growth of the serviced apartment sector in Japan is the strict regulation surrounding accommodation services. As Paul Yang explains, *"currently, serviced apartment properties without a hotel license are not permitted to allow for stays less than one month. Additionally, licenses are generally not granted after the building is already completed, thus restricting the growth of the market. However, we are starting to see some changes from the government as they are working to ease the regulation driven by insufficient supply of accommodation, especially with the rapid growth of overseas travellers and Tokyo Olympics fast approaching."*



Taiwan

In Taiwan, the travel accommodation industry has been on a course of rapid expansion in recent years.

The surge from mainland China has gradually developed into growing demand for both leisure and business accommodation. Riding on that wave, the local serviced apartment sector has transformed itself from an obscure sub-industry to a new niche that everyone wants to a piece of.

Presently, Taiwan legislation stipulates that serviced apartments can only accept reservations for durations over 30 days, which both protects and limits its development – keeping international brands at bay, while restricting the development options for local operators.

Almost all serviced apartment companies in Taiwan operate in the greater Taipei area, with units located in the same building. However the small-scaled operation gives local operators the opportunity to display a creative management touch.

Jasper Villas and The Residences Mandarin Oriental Taipei are two well-known local operators that take the usual approach of hiring international hospitality companies to manage all units in one building. In contrast, other local operators, such as Istaytion Service Apartment, explore different paths. For example, all Istaytion apartments are located near Taipei's MRT stations, with this location-based concept reflected in the brand's property names; each ends with the word station.

Future outlook

Optimism for the future is high amongst serviced apartment operators who predict that, despite lower predicted economic growth for the region, demand will continue to grow as companies offer more short-term contracts.

PWC's Talent and Mobility: 2020 and Beyond report shows that 20% of assignments now last less than 12 months – double the figure in 2002. The options for short and long-term stays make serviced apartments the perfect-fit for assignment working.

Within the Asia-Pacific region serviced apartment operators are also reporting that corporate middle management are being posted on more temporary assignments, whilst multi-national corporations are relocating their administrations to cheaper, more decentralised locations.

Some cities remain badly congested, so serviced apartments are increasingly providing a solution to high net worth individuals seeking second homes midweek, especially within mixed-use developments providing for every requirement.

The strongest growth in the region is coming in China, India and Indonesia. India's business travel sector is growing faster than anywhere else in the world. According to the GBTA's Annual Global Report and Forecast, India spent US\$26 billion on business travel in 2014 and is predicted to grow 11.5% a year US\$45 billion by 2019.

Although China's GDP is slowing down, it remains significant. The ten countries continue to receive more and more Chinese travellers but inter-regional travel is growing too; the launch of the ASEAN Economic Community (AEC) has enabled the region's 600 million people to become more mobile.

Vietnam, Indonesia and the Philippines all registered strong economic growth in 2015 and their growing middle classes are increasingly using their rising disposable income for domestic or regional travel.

Since our last GSAR, Oakwood Worldwide has grown its network of supply chain partners to provide access to more than 400 properties across Asia-Pacific, 28 of which are Oakwood Worldwide-branded properties in key destinations throughout the region, offering 3,800 units in total. Oakwood Worldwide plans to double its branded portfolio of 28 properties over the next three to five years in the Asia-Pacific region.

2016 is a year of further expansion for Frasers Hospitality, especially in China, where demand is rising in both emerging and key cities amongst business and leisure travellers. And especially in Chinese Tier 1.5, 2 and 3 cities such as Shenzhen, Chengdu, Dalian, Hangzhou, and Suzhou. Serviced apartment supply in China is growing too, driven by urbanisation.

Operators like The Ascott Ltd are accelerating their expansion across central and west China. In 2016 they plan to open over 20 properties with more than 4,500 units, the bulk of which is in China, and the rest in Singapore, South Korea, Indonesia, India, Malaysia, the Philippines, Vietnam, Oman Thailand and Saudi Arabia. In 2015 they invested in Tujia.com, China's largest online apartment sharing platform and listed their China properties on the Alitrip online travel platform used by 100 million Chinese travellers.

As corporates try to cut relocation costs and assignments become shorter, the demand for smaller-sized apartments such as studios and one-bedrooms is growing.

The serviced apartment of the future will be more than just a luxury apartment as the millennials grow in influence. The traditional equipment and amenities will be joined by added-value services such as online check-ins and concierges. In 2015 The Ascott partnered with Samsung Asia to develop smart solutions for serviced residences. Guests will be able to use their mobile or wearable devices to control devices such as washing machines, refrigerators and smart TVs.

A second opportunity for operators is to bridge the gap between hotels and serviced apartments and provide unconventional lifestyle offerings such as Frasers' Spin & Play integrated launderette games rooms and personalised cycling tours. Or Ascott Lifestyle programme which delivers bespoke cultural, gastronomical, local and wellness experiences including local language classes, guided tours, jogging routes and cultural programmes such as batik making workshops and personal cooking sessions in guests' apartments.

As in the wider hospitality market, a maturing serviced apartment is also seeing niche products being developed. Lanson Place has introduced Serviced Suites by Lanson Place; smaller units designed with combined open living and working spaces. Public areas offer seamless connectivity throughout the entire development, grab 'n go F&B concepts and resident activities that promote well-being.

Supply

We estimate that there are 87,487 serviced apartments in 728 locations across Asia. On this basis, Asia accounts for 10.58% of the global serviced apartments market in 6.76% of the world's serviced apartment locations. The major operators in the region are shown at Fig 24.

Rates

There is still significant disparity seen between the average rental rates across the Asia region. For example, a studio apartment in Mumbai, India costs €113 for stays of up to one week; the same apartment type for the same length of stay in Tokyo, Japan costs €122 whilst the region's most expensive destination is Singapore, where the same accommodation and length of stay combination costs €219.

Figure 25. Principal operators in Asia

		Locations	Apartments
Somerset	The Ascott Ltd	61	11,968
Other Serviced Residences	The Ascott Ltd	51	3,957
Ascott The Residence	The Ascott Ltd	32	6,199
Citadines	The Ascott Ltd	34	6,012
Oakwood	Oakwood Corp Housing (est)	27	4,014
Fraser Suites	Fraser Hospitality	13	3,044
Co-op residences - Seoul	Co-op Serviced Residences	8	2,195
Marriott Executive Apartments	Marriott	13	2,009
Compass Hospitality - Bangkok		10	2,000
Nieva World Apartments		14	2,000
	Sub Total	263	43,233
	Total for the region	728	87,487

Source: The Apartment Service

Figure 26. City rates analysis - Asia

	STUDIO				ONE BEDROOM				TWO BEDROOM						
	2015/16 rate	2016/17 rate		YoY variance	2015/16 rate	2016/17 rate		YoY variance	2015/16 rate	2016/17 rate		YoY variance			
	Local currency	Local currency	US\$	Euro	%	Local currency	Local currency	US\$	Euro	%	Local currency	Local currency	US\$	Euro	
ASIA															
	Bangalore (INR)														
	1-6 nights (nightly rate)	INR 3,400	INR 3,100	USD 47	EUR 41	-9%	INR 3,875	INR 3,575	USD 54	EUR 47	-8%	INR 5,500	INR 5,250	USD 79	EUR 70
	7 nights + (weekly rate)	INR 22,500	INR 21,200	USD 319	EUR 282	-6%	INR 25,375	INR 23,100	USD 347	EUR 307	-9%	INR 35,000	INR 34,625	USD 521	EUR 460
	One month + (monthly rate)	INR 60,400	INR 57,500	USD 865	EUR 764	-5%	INR 75,600	INR 70,000	USD 1,053	EUR 930	-7%	INR 93,400	INR 82,500	USD 1,241	EUR 1,096
	3 month + (monthly rate)	INR 57,250	INR 54,200	USD 815	EUR 720	-5%	INR 70,800	INR 62,800	USD 944	EUR 834	-11%	INR 85,720	INR 82,500	USD 1,241	EUR 1,096
	Hong Kong (HKD)														
	1-6 nights (nightly rate)	HKD 1,600	HKD 1,675	USD 216	EUR 191	5%	HKD 1,710	HKD 1,700	USD 219	EUR 194	-1%	HKD 1,945	HKD 1,900	USD 245	EUR 216
	7 nights + (weekly rate)	HKD 9,400	HKD 9,400	USD 1,212	EUR 1,070	0%	HKD 10,800	HKD 10,500	USD 1,354	EUR 1,195	-3%	HKD 12,150	HKD 12,000	USD 1,547	EUR 1,366
	One month + (monthly rate)	HKD 31,500	HKD 31,000	USD 3,997	EUR 3,530	-2%	HKD 39,100	HKD 39,000	USD 5,028	EUR 4,440	0%	HKD 43,000	HKD 42,800	USD 5,518	EUR 4,873
3 month + (monthly rate)	HKD 29,200	HKD 29,000	USD 3,739	EUR 3,302	-1%	HKD 37,550	HKD 37,000	USD 4,770	EUR 4,212	-1%	HKD 41,000	HKD 40,000	USD 5,157	EUR 4,554	
Mumbai (INR)															
	1-6 nights (nightly rate)	INR 8,800	INR 8,500	USD 128	EUR 113	-3%	INR 11,950	INR 10,500	USD 158	EUR 139	-12%	INR 18,750	INR 18,000	USD 271	EUR 239
	7 nights + (weekly rate)	INR 54,350	INR 53,550	USD 805	EUR 711	-1%	INR 76,200	INR 75,800	USD 1,139	EUR 1,006	-1%	INR 117,900	INR 116,400	USD 1,749	EUR 1,545
	One month + (monthly rate)	INR 101,600	INR 99,400	USD 1,494	EUR 1,319	-2%	INR 110,850	INR 109,200	USD 1,641	EUR 1,450	-1%	INR 126,780	INR 123,900	USD 1,862	EUR 1,645
	3 month + (monthly rate)	INR 94,850	INR 93,250	USD 1,402	EUR 1,238	-2%	INR 106,375	INR 105,400	USD 1,584	EUR 1,399	-1%	INR 114,000	INR 114,000	USD 1,713	EUR 1,513
	Shanghai (CNY)														
	1-6 nights (nightly rate)	CNY 1,200	CNY 1,350	USD 208	EUR 184	13%	CNY 1,475	CNY 1,500	USD 231	EUR 204	2%	CNY 2,000	CNY 2,200	USD 339	EUR 299
	7 nights + (weekly rate)	CNY 7,150	CNY 7,300	USD 1,124	EUR 993	2%	CNY 9,800	CNY 10,000	USD 1,540	EUR 1,360	2%	CNY 15,000	CNY 15,250	USD 2,348	EUR 2,074
	One month + (monthly rate)	CNY 28,000	CNY 28,600	USD 4,404	EUR 3,890	2%	CNY 36,400	CNY 36,500	USD 5,620	EUR 4,964	0%	CNY 46,800	CNY 47,100	USD 7,252	EUR 6,406
	3 month + (monthly rate)	CNY 26,000	CNY 26,400	USD 4,065	EUR 3,590	2%	CNY 34,300	CNY 34,500	USD 5,312	EUR 4,692	1%	CNY 42,000	CNY 42,450	USD 6,536	EUR 5,774
Singapore (SGD)															
	1-6 nights (nightly rate)	SGD 350	SGD 335	USD 248	EUR 219	-4%	SGD 400	SGD 388	USD 287	EUR 254	-3%	SGD 495	SGD 500	USD 370	EUR 327
	7 nights + (weekly rate)	SGD 1,835	SGD 1,750	USD 1,294	EUR 1,144	-5%	SGD 2,450	SGD 2,400	USD 1,775	EUR 1,569	-2%	SGD 3,000	SGD 3,100	USD 2,293	EUR 2,026
	One month + (monthly rate)	SGD 7,695	SGD 7,200	USD 5,325	EUR 4,706	-6%	SGD 8,825	SGD 8,750	USD 6,471	EUR 5,719	-1%	SGD 9,250	SGD 9,350	USD 6,916	EUR 6,111
	3 month + (monthly rate)	SGD 7,000	SGD 6,730	USD 4,977	EUR 4,399	-4%	SGD 8,520	SGD 8,350	USD 6,176	EUR 5,457	-2%	SGD 8,799	SGD 9,000	USD 6,657	EUR 5,882
	Tokyo (JPY)														
	1-6 nights (nightly rate)	JPY 15,200	JPY 15,300	USD 138	EUR 122	1%	JPY 19,000	JPY 19,100	USD 172	EUR 152	1%	JPY 25,000	JPY 25,100	USD 226	EUR 200
	7 nights + (weekly rate)	JPY 77,200	JPY 77,000	USD 694	EUR 612	0%	JPY 97,350	JPY 97,000	USD 875	EUR 771	0%	JPY 121,200	JPY 121,000	USD 1,091	EUR 962
	One month + (monthly rate)	JPY 207,000	JPY 207,000	USD 1,867	EUR 1,646	0%	JPY 223,300	JPY 223,000	USD 2,011	EUR 1,774	0%	JPY 256,150	JPY 256,000	USD 2,309	EUR 2,036
	3 month + (monthly rate)	JPY 200,000	JPY 200,000	USD 1,804	EUR 1,591	0%	JPY 205,600	JPY 205,000	USD 1,849	EUR 1,630	0%	JPY 232,400	JPY 232,000	USD 2,092	EUR 1,845

Disclaimer: These rates are average rates and may vary per location, time of year, regional promotions and specific lengths of stay. Rates quoted are based on an average 4 star extended stay property and exclude taxes. Exchange rates used March 2016.

Source: The Apartment Service

Regional Report Australasia



**SERVICED APARTMENTS
IN AUSTRALIA HANDLED
\$3 BILLION
TRANSACTIONS IN 2015**



Introduction

Australia is one of the world's most culturally diverse countries. In 2011, a census estimated that almost half of the Australian population had either been born overseas or had a migrant parent.

More New Zealanders are moving to Australia than ever before, in search of higher wages and living standards. Chinese-born Australian residents have trebled since the Millennium, whilst Indian-born Australian nationals have risen four-fold in the same period.

Australia's economic performance during 2015 surprised some analysts. A 0.6% expansion in the last quarter of the year pushed growth for the full year to 2.5%.

But despite increased government spending on military projects and robust household consumption, helping to boost domestic consumption, there remain soft spots in the Australian economy. Whilst unemployment fell, a slowdown in the mining sector is expected to continue throughout 2016, affecting the country's rate of growth, although the International Monetary Fund predicts that growth will rise to 3% in 2017.

Serviced apartments in Australia

The Australasian serviced apartments sector has grown strongly over the past five years, drawing market share from more traditional accommodation providers.

Fluctuating levels of demand for domestic travel, a high Australian dollar and global economic uncertainty have been ever-present challenges during this period. However the growth of serviced apartments has largely been driven by aggressive pricing and a superior level of in-room facilities compared to traditional hotels which have enhanced the appeal of serviced apartments.

Estimates of sector revenues vary. Some commentators estimate that serviced apartments in Australia handled \$3.0 billion in transactions during 2015, with further growth of 5.6% expected in 2016. However, others estimate that, over the last 12 to 18 months, overall demand for accommodation in Australia – both hotels and serviced apartments – has continued to increase at around 4% per annum.

According to Deloitte Access Economics' recent Tourism and Hotel Outlook report, non-discretionary travel led the accommodation sector's growth in 2015, with business travel increasing by 18%. REVPAR grew 3.4% in 2015 and Deloitte forecasts this growth to continue over the coming three years at a rate of between 4.1% and 4.6%.

Demand vs supply

Deloitte has projected room nights sold to grow by 3.0% per annum over the next three years, 1.4% greater than forecast supply growth. The mismatch between demand and supply continues to grow – a trend which is likely to continue in the short term in the bigger markets of Melbourne and Sydney.

New supply is going to continue to be difficult to establish in these Central Business District (CBD) markets due to the high cost of land combined with the strength of the residential property market. This is an unfortunate situation given both Sydney and Melbourne ADR's are at record levels.

Supply may start to meet demand in some markets like Brisbane and Perth. In Brisbane is seeing a significant supply of residential properties being established within the CBD, and it is expected that, over time, a proportion of these will become longer term rentals or converted to serviced apartments.

The majority of investment in these types of properties is coming from Asia and in particular China. Perth faces less of a concern around oversupply as much of the new developments within the CBD are at all levels from 5-star down and the Perth market has required new supply for a number of years. It is also likely to benefit more from the increase in inbound tourism into Australia.

Apartment hotels have dominated the Australian market, particularly over the past 10 to 12 years. The understanding, penetration, and consistency in the product offering of the apartment hotel category within Australia is much stronger than other parts of the world – the market share of apartment hotels in the accommodation sector is around 25%, compared with about 6 – 7% in the United Kingdom; 10 – 12% in the United States; and around 12% in Asia. This equates to about 1 in every 4 accommodation rooms in Australia being an apartment, meaning that there is very strong consumer recognition of the apartment hotel concept.



The high cost of land in Australia's CBDs makes it difficult for the traditional serviced apartment model with larger apartment formats to be feasible, whereas the apartment hotel model provides greater flexibility and efficiencies for Developers and in doing so, provides a greater chance to establish new supply. Most of the major operators have a mix of studio, one, two and three bedroom offerings. The studios compete in the short stay leisure and corporate market with hotels (about 40% of stock) with one, two and three bedroom apartments making up the balance.



Sector investment

The majority of sector investment in Australia is coming from Singapore and other parts of Asia. Over the last three years, two of the three largest serviced apartment providers have partnered with Singaporean companies – The Toga Group with Far East, and Quest with The Ascott Ltd. The third largest provider is Mantra, which has performed very strongly since listing on the ASX, demonstrating the strength of the serviced apartment asset class and business.

Whilst there is some local institutional investment, on the whole there remains a lack of domestic awareness and education in investing in the hospitality sector – both serviced apartments and hotels. This is despite the fact that the sector has consistently outperformed commercial and industrial property sectors over the last five years.

The local investment community hasn't matured to the level where it is looking to invest in alternate asset classes to the level it should be. Most investment continues to come from Singapore, Korea and China due to a greater level of



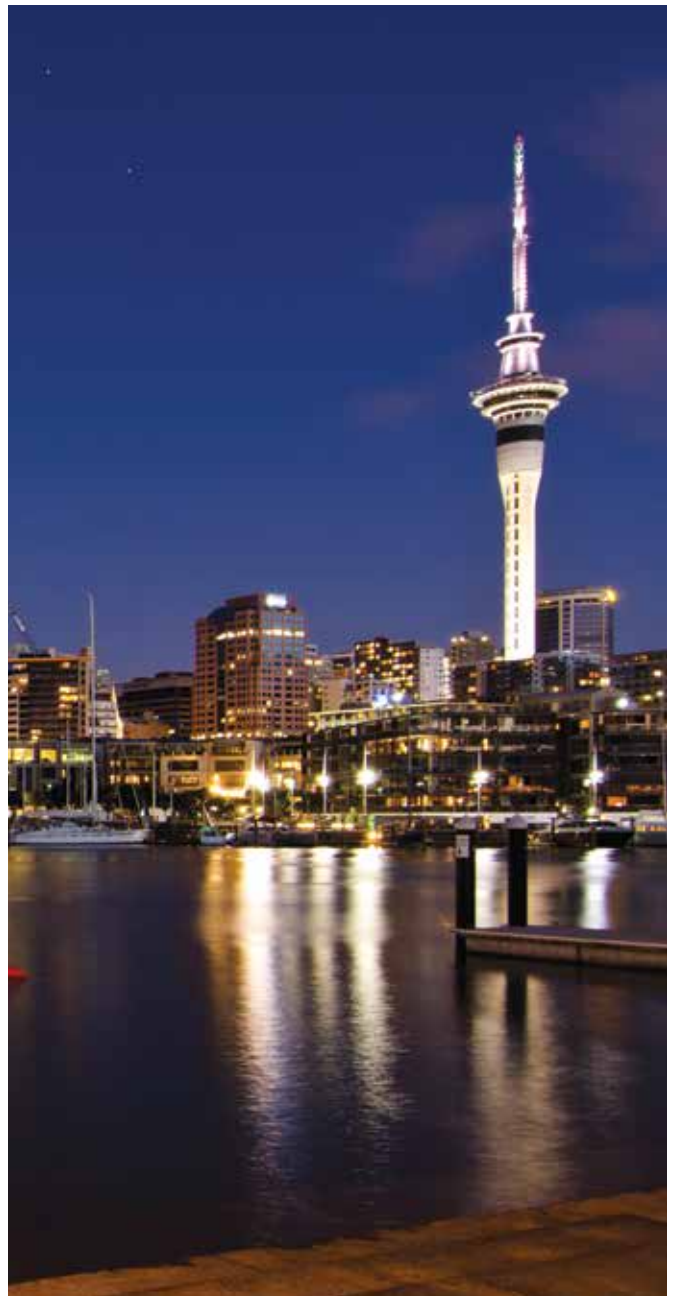
understanding of the hospitality investment sector in Asia, where it is a more established and institutionalized asset class.

There are a number of key drivers currently boosting demand. Growth is being seen in new and emerging markets like China, India, and Indonesia. New growth is also being seen in our traditional source markets of New Zealand, Europe and the United States, after two years of stagnation.

There are numerous reasons for this growth, including the falling Australian dollar, the emerging Chinese middle class, global fuel prices at an all-time low, and a greater proliferation of Free Independent Travellers (FIT) from the developing world. Given the weaker Australian dollar, it is far more attractive and cost effective for Australians to travel locally resulting in a steady increase in domestic tourists. Most major airports are looking to expand, increasing airline capacity and thereby increasing traveller numbers, which in turn creates more demand for accommodation.

Growth over the last 12 to 18 months has been driven more by tourism than corporate travel, however our key client base remains strong. Growth within the corporate travel sector has been driven more by smaller clients as we see the expansion of the property, building and construction industries, particularly in Melbourne, Brisbane and Sydney.

Another interesting development impacting demand is the change in locations where businesses are operating. Typically, what is occurring – particularly in Brisbane, Melbourne and Sydney – is that corporates are being pushed out of the CBD by the strength of the residential property market. While residential remains the highest and best use for land, it will continue to be a challenge for the hotel and commercial markets. Commercial rents are so high that companies can no longer justify headquartering in the CBD. Increasingly they are shifting their base into regional commercial centres and suburban business parks. Accommodation operators with a broader geographical spread are benefiting significantly from this changing dynamic.



Barriers & challenges

Luckily in Australia, there are no significant barriers to growth in Average Daily Rate (ADR) and there has been consistent growth here year-on-year. It is more challenging in certain markets that may be more industry dependent like Far North Queensland or Darwin but overall, ADR and occupancy growth has remained steady in Australia.

Traditionally the barrier has been the propensity for 5-star hotels to be quite slow to grow ADR during periods of strong demand and high occupancies – particularly in CBD markets where serviced apartment providers have to follow the lead of the 5-star in terms of pricing. However Australia is fortunate as the majority of serviced apartment providers operate in suburban and regional markets where they are the price setter and typically the best and newest product in that market.

As the Australian economy shifts its focus away from the mining industry to tourism, education and gas, it is vital that accommodation providers listen to and continue to meet the needs of a changing guest profile. Not only are industries changing, but also where our guests are based and need to travel, along with their personal requirements and what makes them choose one particular accommodation provider over another.

“Quest is unique in the Australasian accommodation industry, in opening an average of 8 new purpose-built Greenfield properties each year for over 15 years, allowing it not only control over the consistent delivery of brand standards, but to continually raise the bar of product offering over a long period of time.” Zed Sanjana CEO of Quest Apartment Hotels says. *“Our focus right now is on the Australian market – specifically our key growth markets of Western Australia, Queensland and New South Wales.”*

Supply

We estimate that there are 63,512 serviced apartments in 1,090 locations across Australia and New Zealand. On this basis, the region accounts for 7.68% of the global serviced apartments market in 10.11% of the world's serviced apartment locations. The major operators in the region are shown at Fig 26.

Rates

Rates in key cities in the region are increasingly similar. For example, a studio apartment in Auckland, New Zealand costs €104 for stays of up to one week; the same apartment type for the same length of stay in Sydney, Australia costs €130 whilst the region's most expensive destination is Melbourne, where the same accommodation and length of stay combination costs €154.

Figure 27. Principal operators in Australasia

		Locations	Apartments
Mantra Group (Australia, New Zealand)		126	19,276
Quest Apartment Hotels (Australia, New Zealand & Fiji)	Quest Apartment Hotels	159	9,814
Mercure/Grand Mercure	Accor	41	4,367
Oaks Apartments (Australia, New Zealand)		51	6,264
Meriton Serviced Apartments		18	4,380
Adina Apartment Hotels	TFE Hotels	21	2,325
Waldorf Serviced Apartments		27	1,200
The Sebel	Accor	25	2,550
Punt Hill Serviced Apartments (Brisbane, Melbourne)		15	707
Melbourne Shortstay Apartments	Shortstay Group	6	600
	Sub Total	489	51,483
	Total for the region	1,090	63,512

Source: The Apartment Service

Figure 28. City rates analysis - Australasia

	STUDIO				ONE BEDROOM				TWO BEDROOM						
	2015/16 rate	2016/17 rate			YoY variance	2015/16 rate	2016/17 rate			YoY variance	2015/16 rate	2016/17 rate			YoY variance
	Local currency	Local currency	US\$	Euro	%	Local currency	Local currency	US\$	Euro	%	Local currency	Local currency	US\$	Euro	
AUSTRALASIA															
Auckland (NZD)															
1-6 nights (nightly rate)	NZD 155	NZD 170	USD 117	EUR 104	10%	NZD 185	NZD 200	USD 138	EUR 122	8%	NZD 230	NZD 235	USD 162	EUR 143	2%
7 nights + (weekly rate)	NZD 945	NZD 1,000	USD 689	EUR 609	6%	NZD 1,190	NZD 1,250	USD 861	EUR 762	5%	NZD 1,400	NZD 1,420	USD 979	EUR 865	1%
One month + (monthly rate)	NZD 3,175	NZD 3,000	USD 2,067	EUR 1,828	-6%	NZD 3,750	NZD 3,825	USD 2,636	EUR 2,330	2%	NZD 4,900	NZD 5,000	USD 3,446	EUR 3,045	2%
3 month + (monthly rate)	NZD 3,000	NZD 2,850	USD 1,964	EUR 1,736	-5%	NZD 3,425	NZD 3,500	USD 2,412	EUR 2,132	2%	NZD 4,650	NZD 4,850	USD 3,343	EUR 2,954	4%
Canberra (AUD)															
1-6 nights (nightly rate)	AUD 185	AUD 180	USD 139	EUR 123	-3%	AUD 225	AUD 210	USD 162	EUR 144	-7%	AUD 315	AUD 300	USD 232	EUR 205	-5%
7 nights + (weekly rate)	AUD 1,165	AUD 1,100	USD 851	EUR 753	-6%	AUD 1,421	AUD 1,375	USD 1,064	EUR 941	-3%	AUD 1,545	AUD 1,500	USD 1,161	EUR 1,026	-3%
One month + (monthly rate)	AUD 3,420	AUD 3,400	USD 2,631	EUR 2,326	-1%	AUD 3,710	AUD 3,650	USD 2,824	EUR 2,497	-2%	AUD 4,125	AUD 4,000	USD 3,095	EUR 2,736	-3%
3 month + (monthly rate)	AUD 3,200	AUD 3,000	USD 2,321	EUR 2,053	-6%	AUD 3,340	AUD 3,000	USD 2,321	EUR 2,052	-10%	AUD 3,670	AUD 3,600	USD 2,786	EUR 2,462	-2%
Melbourne (AUD)															
1-6 nights (nightly rate)	AUD 200	AUD 225	USD 174	EUR 154	13%	AUD 240	AUD 250	USD 193	EUR 171	4%	AUD 330	AUD 355	USD 275	EUR 243	8%
7 nights + (weekly rate)	AUD 1,247	AUD 1,300	USD 1,006	EUR 890	4%	AUD 1,560	AUD 1,600	USD 1,238	EUR 1,094	3%	AUD 2,195	AUD 2,275	USD 1,760	EUR 1,556	4%
One month + (monthly rate)	AUD 3,900	AUD 4,050	USD 3,134	EUR 2,771	4%	AUD 4,150	AUD 4,350	USD 3,365	EUR 2,976	5%	AUD 4,295	AUD 4,380	USD 3,389	EUR 2,996	2%
3 month + (monthly rate)	AUD 3,675	AUD 3,725	USD 2,882	EUR 2,549	1%	AUD 4,000	AUD 4,125	USD 3,191	EUR 2,822	3%	AUD 4,100	AUD 4,290	USD 3,319	EUR 2,934	5%
Sydney (AUD)															
1-6 nights (nightly rate)	AUD 200	AUD 190	USD 147	EUR 130	-5%	AUD 245	AUD 230	USD 178	EUR 157	-6%	AUD 357	AUD 332	USD 257	EUR 227	-7%
7 nights + (weekly rate)	AUD 1,120	AUD 1,100	USD 851	EUR 753	-2%	AUD 1,200	AUD 1,180	USD 913	EUR 807	-2%	AUD 1,425	AUD 1,380	USD 1,068	EUR 944	-3%
One month + (monthly rate)	AUD 3,550	AUD 3,420	USD 2,646	EUR 2,339	-4%	AUD 3,750	AUD 3,680	USD 2,847	EUR 2,517	-2%	AUD 4,200	AUD 4,000	USD 3,095	EUR 2,736	-5%
3 month + (monthly rate)	AUD 3,320	AUD 3,300	USD 2,553	EUR 2,257	-1%	AUD 3,500	AUD 3,420	USD 2,646	EUR 2,339	-2%	AUD 4,000	AUD 3,800	USD 2,940	EUR 2,599	-5%

Disclaimer: These rates are average rates and may vary per location, time of year, regional promotions and specific lengths of stay. Rates quoted are based on an average 4 star extended stay property and exclude taxes. Exchange rates used March 2016.

Source: The Apartment Service

Regional Report Central & South America



BRAZIL EXPECTS 500,000 OVERSEAS VISITORS FOR THE 2016 OLYMPIC GAMES

Introduction

In the Latin America (LATAM) region, South America has seen a slowing economy over the past 12 months, while Central and North American economies remain robust.

The region fell deep into recession toward the end of last year after five years of growth. The last time Latin America experienced an economic downturn followed the global financial crisis of 2009. Brazil and Venezuela account for much of the region's recession, whilst Argentina, Chile, Mexico and Peru proved more resilient.

Amongst the challenges facing the region are lower commodity prices, worsening investor confidence, heightened financial volatility - particularly in foreign exchange markets - and a more challenging global economic backdrop. The region's economy is expected to contract further during 2016.

Fragile economic growth and political instability in some countries could disrupt the region's stability. Brazil's president is facing impeachment proceedings; right-wing parties are vying for control in Peru; Venezuela is in the same boat,

with a malfunctioning economy and tense political situation between the government and left-wing guerilla groups.

Despite these problems, South Americans' outbound travel is growing - albeit at a slowing pace. Outbound trips grew by 4% in 2015 according to the World Travel Monitor, with outbound travel from Brazil reaching 27m trips in 2014 - an increase of 70% in seven years. Between them, Brazil and Argentina are the region's two biggest source markets for outbound travel.

Business travel

The American Express Global Business Travel Forecast 2016 predicts that the prevailing economic winds in LATAM will drive down air travel costs in 2016, although consolidation among Latin American carriers will help mitigate the impact.

Airlines connect all the key cities in LATAM directly with most US cities, however many of these flights come from major tour operators rather than the big carriers. Although Brazil is a key destination for foreign air carriers, the

depreciation of the Brazilian Real and other local currencies against the U.S. dollar and euro will lower domestic demand for international air travel. By contrast, hotel rates are likely to rise as a result of inflationary pressures heading into 2016. Mexico, Peru and Colombia are also expected to see hotel prices rise in 2016 as their relatively strong economies and political stability make them attractive destinations for business travellers.

Mobility

Latin America is a critical business market that is also complex, exciting and challenging when it comes to international assignments. Crown World Mobility's 2015 highlight on Latin America shares some of the most interesting regional HR and mobility topics being discussed this year.

In contrast to the EU, there are more cross-border barriers to people movement in LATAM. Levels of remuneration and compensation vary from country to country, whilst immigration requirements further complicate the picture.

There is some intra-region relocation, but the relocation services provided are locally-focussed with limited or no on-going support for assignees. Most such transfers are treated as permanent relocations rather than temporary assignments, with the pensions and repatriation infrastructures under-developed. This goes against the traditional expectations of company loyalty and ethics of family-owned businesses.

Personal security is another issue dogging the mobility market in LATAM, routinely managed on a country-by-country basis rather than as part of a global or international strategy. LATAM also lags behind other global regions in encouraging more female assignees. There are fewer women in senior or managerial roles in South America, where the cultural assumption is that women do not want to be mobile. Consequently female assignees are operating under policies geared towards their male counterparts.

Looking at individual countries within the region, Argentina's high inflation has forced many corporates to implement strategies to retain talent, whilst others are relocating their operations to neighbouring Chile due to the economic conditions. However the arrival of a new Argentinian president, Mauricio Macri, looking to rebuild its trade relationship with Brazil may also restore flagging fortunes.

Brazil plays host to the Olympic Games in 2016, promoting employers to limit assignment working to business-critical before and during the event. Inflated hotel (and serviced apartment) rates, housing prices and reduced availability provide additional challenges. Brazil's rulers will be hoping for a repeat of the impact made by hosting the World Cup in 2014, which generated an additional half million visitors to the country.

Worldwide ERC's Mobility Brazil report highlighted an "intense flow of professionals leaving Brazil, be it repatriation of foreigners or new expatriations involving Brazilians." However Brookfield Global Relocation Services' Global Mobility Trends Survey 2015 placed Brazil in second spot for the most-cited new assignment destination. Mexico and Chile also feature reasonably strongly among the 143 multinational companies responding.

29% of the mobility professionals who took part in Cartus's 2014 Policies and Practices survey regarded the Central and South America region as important to their business's plans ahead of South East Asia (26%), and behind North America (51%), China (41%) and Europe (35%).

Despite obstacles, Brazil and wider Latin America remain areas of opportunity – in both the long and the short term – for businesses, assignees and the wider global mobility sector. With assignee data showing greater emphasis on professional development and building human capital, service providers are also responding to changing market conditions, innovating new services that meet clients' needs better.



Serviced apartments

The serviced apartment sector across the LATAM region remains largely un-changed since our last GSAIR.

The inconsistent economic performance of the region's countries is a major driver behind this trend. While Chile, Panamá, Ecuador, Costa Rica and Colombia benefit from foreign investment, a settled currency and robust education systems, the political situations in Brazil, Venezuela and Argentina has been more delicate, causing a lack of trust in the markets.

However the lure of the region is not entirely dissuading accommodation providers from entering the market. In 2015 Hilton announced it is expanding into LATAM with the Homewood Suites by Hilton extended stay brand.

Traditionally, South American developers have shied away from the extended stay segment because the properties have larger rooms with full kitchens and therefore fewer rooms-per-building – and less revenue. The new Homewood Suites prototype, first introduced in North America last year, incorporates a larger percentage of the smaller Studio Suites rooms and includes higher end furnishings and more contemporary design elements. Homewood's Studio Suites typically start around 420 square feet and sleep up to four people in North America, which is about 20% larger than standard hotel guest rooms.

"South America tends to parallel pretty much Europe in that hotels have less space because of

where hotels are usually developed, and space is at a premium in those densely populated areas," says Bill Duncan, global head of brand management at Homewood Suites.

Demand

By way of insight into a typical regional provider, The USA, Argentina, Brazil and China are the key inbound source markets for Dominion Corporate Housing in Mexico. Around 55% of their occupancy is from business customers, 35% are leisure and the remainder are permanent guests. The average length of stay is 12 nights.

These source markets are typical of many operators, although Canada and Germany are also important markets.

Supply

We estimate that there are 7,599 serviced apartments in 95 locations across LATAM. On this basis, the region accounts for 0.92% of the global serviced apartments market in 0.88% of the world's serviced apartment locations. The major operators in the region are shown at Fig 29.

Rates

Serviced apartment rates in South America are the cheapest of any global region. For example, a studio apartment in Buenos Aires, Argentina costs €25 a night for stays of up to one week; the same apartment type for the same length of stay in Rio de Janeiro, Brazil costs €62 whilst the region's most expensive destination is Sao Paolo, where the same accommodation and length of stay combination costs €72.

Figure 29. Principal operators in LATAM

	Locations	Apartments
Othon Suites - Brazil	15	2,434
Mercure	17	1,682
Oasis Collections	20	1,500
LOI Suites	6	400
Clarion Suites - Guatemala	1	172
Other	36	1,411
	95	7,599

Source: The Apartment Service

Figure 30. City rates analysis - LATAM

	STUDIO					ONE BEDROOM					TWO BEDROOM				
	2015/16 rate		2016/17 rate			2015/16 rate		2016/17 rate			2015/16 rate		2016/17 rate		
	Local currency		Local currency	US\$	Euro	Local currency	%	Local currency	US\$	Euro	Local currency	%	Local currency	US\$	Euro
SOUTH AMERICA															
Buenos Aires (ARS)															
1-6 nights (nightly rate)	ARS 360		ARS 400	USD 28	EUR 25	ARS 470	11%	ARS 500	USD 35	EUR 31	ARS 600	6%	650	USD 45	EUR 40
7 nights + (weekly rate)	ARS 2,130		ARS 2,200	USD 154	EUR 136	ARS 2,895	3%	ARS 3,100	USD 217	EUR 191	ARS 3,500	7%	3750	USD 262	EUR 231
One month + (monthly rate)	ARS 7,850		ARS 8,000	USD 559	EUR 493	ARS 7,936	2%	ARS 8,100	USD 566	EUR 499	ARS 8,599	2%	8750	USD 611	EUR 539
3 month + (monthly rate)	ARS 7,350		ARS 7,500	USD 524	EUR 462	ARS 7,745	2%	ARS 7,900	USD 552	EUR 487	ARS 7,880	2%	8000	USD 559	EUR 493
Rio de Janeiro (BRL)															
1-6 nights (nightly rate)	BRL 200		BRL 250	USD 70	EUR 62	BRL 305	25%	BRL 325	USD 91	EUR 81	BRL 360	7%	BRL 400	USD 113	EUR 100
7 nights + (weekly rate)	BRL 1,225		BRL 1,300	USD 366	EUR 325	BRL 1,750	6%	BRL 1,875	USD 527	EUR 469	BRL 2,150	7%	BRL 2,200	USD 619	EUR 550
One month + (monthly rate)	BRL 4,250		BRL 4,500	USD 1,266	EUR 1,125	BRL 5,800	6%	BRL 6,000	USD 1,688	EUR 1,500	BRL 7,341	3%	BRL 7,400	USD 2,082	EUR 1,849
3 month + (monthly rate)	BRL 3,700		BRL 4,000	USD 1,125	EUR 1,000	BRL 5,200	8%	BRL 5,400	USD 1,519	EUR 1,350	BRL 6,723	4%	BRL 6,800	USD 1,925	EUR 1,700
Sao Paulo (BRL)															
1-6 nights (nightly rate)	BRL 260		BRL 288	USD 82	EUR 72	BRL 350	11%	BRL 370	USD 105	EUR 92	BRL 435	6%	BRL 475	USD 135	EUR 119
7 nights + (weekly rate)	BRL 1,400		BRL 1,600	USD 453	EUR 400	BRL 2,100	14%	BRL 2,225	USD 630	EUR 556	BRL 2,733	6%	BRL 3,000	USD 850	EUR 750
One month + (monthly rate)	BRL 5,200		BRL 5,350	USD 1,515	EUR 1,337	BRL 6,900	3%	BRL 7,000	USD 1,982	EUR 1,750	BRL 9,150	1%	BRL 9,300	USD 2,634	EUR 2,325
3 month + (monthly rate)	BRL 4,800		BRL 5,000	USD 1,416	EUR 1,250	BRL 6,500	4%	BRL 6,650	USD 1,883	EUR 1,662	BRL 8,175	2%	BRL 9,000	USD 2,549	EUR 2,250

Disclaimer: These rates are average rates and may vary per location, time of year, regional promotions and specific lengths of stay. Rates quoted are based on an average 4 star extended stay property and exclude taxes. Exchange rates used March 2016.
Source: *The Apartment Service*

EUROPE WELCOMED A **RECORD** 593 MILLION ARRIVALS IN 2015

Introduction

As a region, Europe continues to struggle as the Euro crisis rolls on and uncertainty persists around future growth. GDP grew by 1.1% in 2015, down slightly on 2014's 1.3%, but although growth in arrival numbers has also slowed, Europe remains the world's most popular region for travellers with a record 593m arrivals in 2015.

In the UK, recovery remains a slow and painful process. GDP is still growing, albeit at a slower pace in 2015 - 2.4% compared to 2.6% in 2014. The impact of the 2012 Olympics and Paralympics on in-bound travel has now virtually dissipated, whilst a strong pound against the Euro makes the UK expensive for European visitors.

Overall, European outbound travel grew by 8.5% between 2007 and 2014, reaching 444m outbound trips in 2015, although the World Travel Monitor estimates that 85% of international trips made by Europeans are to countries within Europe itself.

Travel across Europe is changing. Europeans are going on more city trips and booking into more up-scale hotels. Airbnb and their sharing economy colleagues have played a big part in opening up 'hipster neighbourhoods', districts previously regarded as undesirable but now trendy and home to young professionals. Examples include Dalston in London, Kreuzberg in Berlin and District VII in Budapest.



Millennial business and leisure visitors are exploring these districts and sharing in a culture of pop-up restaurants, independent shops and craft galleries. This trend has alleviated congestion in city centres; accommodation providers in Amsterdam are being encouraged to open in these outlying areas, with boutique hotel operators in particular exploiting the 'hipster' market.

In the UK, traditional hotels are fighting to maintain market share against the sharing economy providers. London remains the dominant attraction, with 15m overseas visitors per year, although only 9% of these travel to northern England. Regional cities in the UK have reacted by investing in their digital infrastructures ranging from smartphone apps to smart cities using big data to transform the urban experience for residents and visitors alike.

Smart city initiatives have already increased business and leisure visits to Milton Keynes, especially amongst those keen to learn about deploying such technologies themselves. Technology-based attractions like driverless cars are likely to have a similar impact on visitor volumes. Additional schemes are planned for Bristol, Cambridge and Glasgow.

Serviced apartments in Europe

Some industry commentators believe that the region's serviced apartment sector has reached a crossroads "between niche and mainstream", pointing to significant development, acquisitions and branding as evidence that the extended stay sector has marked out its territory.

2015 saw Starwood Capital's acquisition of the London portfolio previously operated by Think Apartments; the merger of Oaktree Capital Management and SACO to create a 1,645 apartment estate and Quest's partnership with The Ascott Ltd all pointed towards a rapidly maturing market.

Existing operators expanded and new players came to the table. Hotels Ahead launched Zoku, a home/office hybrid which combines hotel services with social areas designed to maximise interaction between travellers.

Starwood opened its first Element property outside the US in Frankfurt, with others scheduled for Amsterdam and London. Oakwood Worldwide, Staybridge Suites and Fraser Hospitality were also very active.



Market perspective

By Vangelis Porikis, Director Central & Northern Europe, Apart-hotels Adagio



The European serviced apartment market has reached a new stage in its evolution, where growth is being driven across the region by investor interest, especially in apart-hotels.

As new players come into the sector, supply is becoming more fragmented – especially in Germany, although Adagio will continue to operate as one brand. Around half of our network is an economy product, which makes us very similar to hotels in segmentation.

We are now taking part in more and more corporate RFPs, driven partly by our parent company Accor. As a result, our business is partly global but also comes from local subsidiaries of multi-national companies. We believe this shows that global travel managers are now aware of apart-hotels, even though apart-hotel brands are not being adopted by travel policies worldwide. Usage is more localised than that.

It is true that the millennials are gradually changing the way Adagio and other operators work. They will heavily influence the serviced apartment product of tomorrow which will become more bleisure oriented. Our mission is to connect our guests to the local environment, so we believe there will be greater connectivity with local destinations, neighbourhoods and other guests. For example, in Birmingham we arranged a Tai-Chi session in which long stay guests took part. We are also testing mini-market facilities for guests who want to cook dinner and have a drink in the lobby.

This is all happening because the guest now knows what to expect from a serviced apartment. They realise we are different from hotels and value that difference. Now, our biggest challenge is finding the best locations to grow our network, especially in areas approaching over-supply, where apart-hotels account for 20%+ of all supply. We all need a combination of long-stay and short-stay demand, without which we're no different to a hotel.

The biggest shift of the last five years has been the supply of branded apart-hotels to the sector. Five years ago, supply was mainly un-branded. In Frankfurt, for example, there was just one small chain (Derag). Now there is Citadines, Frasers, Element, Adagio and other smaller brands.

Although there are still lots of opportunities for growth, there are threats too. If global tourism is hit by terrorism or economic uncertainty, the serviced apartment sector will be affected. Airbnb is both an opportunity and threat. They have 40,000 apartments in Paris alone, their product is attractive to our customers so we can use Airbnb as a distribution channel. Like other accommodation providers, our parent Accor will launch its own digital market place to which other operators will have access, so we will be behaving like Airbnb!

The next few years will see supply continue to fragment, with greater segmentation of extended stay products and the introduction of different concepts alongside existing brands. We will gain by being customer centric, but first we have to understand what the future needs of the customer are if we are to meet them.

**“THE BIGGEST SHIFT OF THE LAST FIVE YEARS
HAS BEEN THE SUPPLY OF BRANDED APART-HOTELS”**

Germany

The German market boasts around 470 apartment developments with more than 15 units, equating to roughly 23,000 serviced apartment units, of which 10% are managed by international brands.

The brands that are well represented in the German market are Citadines, Adina and Adagio, with more planning to enter the German market. In the short to medium term however, domestic operators have the lion's share of the market.

Almost half of the German serviced apartment sector is centred on Berlin, Frankfurt and Munich, although operators are beginning to show a keen interest in other cities too, such as Hamburg – providing they can find suitable sites. Cornelia Apartment Homes operates in Hamburg, Germany's second-largest city where business and leisure visitors grew by 3% in 2015 and there is limited hotel supply. And whilst demand for land and property is high, supply is limited, sending development and construction costs rocketing.

Adina, Frasers and Park Hyatt have either successfully established their products in Hamburg or are planning to open in the immediate future. However local operators are successful too, such as SMARTments, Henri Madison, Clipper Elb-Lodge and Cornelia Apartment Homes themselves. Guests are mainly corporates, artists, creatives and assignment workers. Among leisure travellers, families with kids are very frequent guests, obviously due to the affordable price-value ratio, more space than in hotel and available cooking facilities.

A recent survey by Boardinghouse Consulting found a very positive outlook for the sector in Germany. More than 32% of operators are planning to open new properties, whilst 22% plan to expand their existing properties. A total of 5,500 new apartments are planned for the German market by 2020.

Market perspective – the Nordics

By Juha Hämäläinen, Country Manager, Forenom Norway



Although the Nordic serviced apartment market forms one entity with many similarities, there are also crucial differences between the five countries, Denmark, Finland, Iceland, Norway and Sweden.

In addition to the Scandinavian culture and the similar languages in four out of the five countries, another thing they have in common is a low level of the market penetration.

The 12 largest companies specialising in the serviced apartment sector enjoyed modest turnovers of 90 – 100m in 2014 although we, as market leaders, saw our revenues increase by 30% in 2015, so there is significant growth potential. Around 10,000 serviced apartments in the Nordics – a ratio of one apartment for every 2,600 inhabitants.

There are differing levels of regulation in the real estate markets. Finland and Norway's markets are free, but in Denmark and Sweden government regulates lease prices and/or apartment production more strictly. As a consequence, Finland has the highest level of serviced apartment supply and Norway the lowest.

Another factor is the high volume of barrack accommodation in Norway, especially for blue collar workers. We recently opened three new apart-hotels in Finland and have new apart-hotels in the pipeline in Finland and Sweden. In 2016 we will launch Forenom Flats, a platform which allows private apartment owners to make their second homes available to Forenom clients. 65% of our business is corporate, and 60% is for domestic assignments within the Nordic region. Our main business is relocation assignments and our key market segments are construction, industrial installations, IT and insurance segments.

The main challenges facing the serviced apartments sector in this region are the low level of awareness amongst clients and investors alike although, ironically, Airbnb and other sharing platforms are addressing this. Above all, the high cost of buying or renting apartments – especially in Denmark and Norway, represents a barrier yet to be overcome.

Market perspective – Switzerland

By James Fry, co-founder & MD, Base Management SA



Switzerland is arguably the ideal market for serviced apartment operators. Home to many global and European corporate headquarters, Switzerland is nevertheless under-supplied with serviced apartments, hotels and furnished apartments, an inflexible renting system with one year minimum contracts; and a very high cost of eating-out.

Combine this with politically and economically stable environment and a highly educated and multilingual work force and you have what we consider the perfect environment for growth.

Switzerland is also a hospitality anomaly. Recognised worldwide for its traditions in hospitality and housing many of the world's best hotel schools, most Swiss hotels are tired, outdated in their approach and have staff that can best be described as distracted. However its client base comes predominantly from sophisticated capital cities, so travellers' expectations are considerably higher than the current options available to them.

Many brands over look Switzerland due to its complexity with its different currency and multiple languages. However, like most other parts of Europe with a strong business focus, serviced apartments are becoming an increasingly popular alternative to a traditional hotel.

Like elsewhere, a large amount of education needs to take place. Clients look at rates first before anything else. They do not take into account the whole picture and consider the extremely high costs of eating out, laundry and phone calls in Switzerland. All these can add up to as much as the cost of the room, but can be dramatically reduced in a serviced apartment with kitchens, on-site laundry facilities and VoIP phones. Favourable market conditions, combined with low competition combined with a brand that appeals for both its modern technology and sustainable approach alongside its in-room design and on-site facilities lead us to believe that Switzerland is the perfect launch pad for growth and expansion across the European market.



United Kingdom

The UK serviced apartment sector had a successful 2015, with RevPAR up 4.7% on 2014, according to figures from STR Global.

This growth was driven by average daily rate (ADR), which was up 4.1%, whereas occupancy growth was more subdued at 0.6%. However, this was due to the supply and demand equilibrium; whilst demand was up, so was supply – which grew by 2.2%. The vast majority of new apartments were in London, with supply increasing 3.4% in the capital.

This supply increase directly contributed to a slight occupancy decline in London, although strong ADR growth of 3.3% contributed to healthy RevPAR performance of 3.1%.

It was in the key English regional cities where serviced apartments really showed sharp increases in 2015. Strong corporate demand, a plethora of events, and continued city centre regeneration saw Birmingham, Manchester, and Liverpool increase their RevPAR performance by 14.5%, 8.9%, and 5.5% respectively.

Scotland's serviced apartments did not fare quite so well in 2015. The country saw both occupancy (-1%) and ADR (-0.6%) decline year on year – driven by a rebound following Glasgow's hosting of the Commonwealth Games in 2014, and the fall in the price of oil and new supply negatively affecting Aberdeen. On a brighter note, Edinburgh saw a slight RevPAR increase of 1.4%.

Overall, occupancy in the UK for serviced apartments in 2015 was 83.6%, compared to hotels which achieved 77.5%. When comparing these occupancy figures globally, it is very impressive, and showcases the strength of the hospitality industry at present. Average daily rates were also higher for serviced apartments when compared to hotels – £141 as opposed to £88, predominately because of more space provided, longer length of stay, and lack of midscale and economy operators.

When looking at length of stay, it is interesting to showcase Sunday night – nationwide, in 2015, serviced apartments achieved occupancy of 74.4%, a full 17% above the levels hotels achieved.

The serviced apartment sector is set to expand faster than any other segment of the UK hospitality market over the next two years according to new research from Savills and the

Association of Serviced Apartment Providers (ASAP). The report forecasts a growth in supply of 8.4% per annum by the end of 2017 based on known planning consents, outpacing the 6% anticipated for budget hotels and 2.6% average across all hotel types.

While London previously dominated purpose built expansion, Savills and ASAP highlight Scotland and the Midlands as future growth hotspots with an average increase in serviced apartment supply of 21.1% and 13.4% per annum respectively. Although London continues to lead in terms of quantum of new units, with 1,200 in the development pipeline for the next two years, it is closely followed by Scotland where 1,061 units will be delivered.

Marie Hickey, commercial research director at Savills said that although the serviced apartment segment only has a 3.1% share of the UK accommodation market, this is set to change. *"With national operator targets pointing to a potential doubling of stock, the level of growth is likely to be far in excess of that indicated by the known development pipeline."*

James Foice, managing director at ASAP, adds: *"The drive for expansion in the serviced apartment sector is definitely not just a UK phenomenon. In fact, the larger global brands surveyed revealed plans to increase stock levels by 47.2% before the end of 2018. In real terms this equates to approximately 112,500 additional units which is more than six times the size of the current UK market. With new innovative brands such as Zoku entering the space, there is a growing realisation around the customer appeal and the growth potential of the sector."*

Pure serviced apartment operators will be at the helm of the sector's global growth, according to the survey, with a projected 71.1% increase in stock over the next three years. Hotel-owned serviced apartment and apart-hotel brands are also expected to be acquisitive globally and, in some cases, will be the fastest growing across their stable of brands.

Market perspective – United Kingdom

By John Wagner, Director, Cycas Hospitality



Serviced Apartments, long stay suites hotels, and Apart-hotels, are now a recognized and legitimate sector of the whole of the lodging industry. Customer demand is high and this is leading to an increasing number of developments, with the most significant deals seen in larger cities such as London, Edinburgh, and Liverpool.

The positive outlook for the serviced apartment sector has attracted an increasing number of investors, and more and more they are mainstream institutional investors. In order to stay ahead of the competition, operators are having to adapt their products, their services and their willingness to offer a strong operating track record.

The affiliation of individual properties with major brands provides one way of standing out from the crowd. As major corporate accounts increasingly consider serviced apartments, the consistency and reliability of available product becomes more critical. Brand affiliation offers exactly this. If something is not as expected, a customer can communicate through Head Office and use their worldwide buying power to influence change and compliance with agreed performance criteria.

Corporate accounts using serviced apartments will force operators to replicate hotel features. Frequency programs, rigid fire and life safety standards, onsite services and staffing, are all traditionally hotel services but as the serviced apartment segment grows, customers expect these services and amenities to be available, and are willing to pay for them as part of the room rate.

Operating under a brand makes retaining customer loyalty straightforward, through recognised reward schemes. In each of the major brand loyalty schemes, guests can earn and redeem points for reward nights and more. A property which is not affiliated with a brand faces the challenge of creating new systems, often a costly and time consuming process, and still unable to offer the worldwide redemption options the big chains have as an inherent part of their programs.

In addition, high levels of customer service will prevail in order to stay ahead of the increasing competition. The boundaries between work and leisure are fading and this needs to be considered. Properties operated by Cycas Hospitality offer state-of-the-art TV systems, as well as unique services and features such as 'Managers' Socials', free breakfast, and daily housekeeping.

The rise in Airbnb has opened up the market and although many hoteliers fear it, the serviced apartment sector may benefit from the growing awareness. It has allowed customers to be more willing to explore the benefits of extra space and a "free to be yourself" approach.

There are many challenges brought about by the growth of the sector, but ultimately the future of the extended stay market in Europe will rely on how it offers value vs. competing lodging alternatives.



Supply

We estimate that there are 114,021 serviced apartments in 1,889 locations across Europe. On this basis, the region accounts for 13.79% of the global serviced apartments market in 17.53% of the world's serviced apartment locations. The major operators in the region are shown at Figure 31.

Rates

Serviced apartment rates across Europe vary significantly. For example, a studio apartment in Moscow costs €83 a night for stays of up to one week; the same apartment type for the same length of stay in Amsterdam costs €145, Paris is €190 whilst the region's most expensive destination is London, where the same accommodation and length of stay combination costs €245 a night.

Figure 31. Principal operators in Europe

		Locations	Apartments
Pierre & Vacances	Pierre & Vacances	226	20,020
Adagio/Adagio Access	Accor	97	11,200
ResidHome + Sejours et Affaires - France	Reside Etudes Group	65	5,233
Park & Suites		55	4,937
Citadines	The Ascott Ltd	40	4,727
Suite Novotel	Accor	29	3,570
Derag Apartmenthotels		16	2,812
ResidHotel - France	Accor	33	2,437
Maeva	Pierre & Vacances	31	2,232
ATA Hotels - Italy		8	1,601
	Sub Total	600	58,769
	Total for the region	1,889	114,012

Source: The Apartment Service



Figure 32. City rates analysis - Europe

	STUDIO				ONE BEDROOM				TWO BEDROOM			
	2015/16 rate		2016/17 rate		2015/16 rate		2016/17 rate		2015/16 rate		2016/17 rate	
	Local currency	Local currency	US\$	Euro	Local currency	Local currency	US\$	Euro	Local currency	Local currency	US\$	Euro
EUROPE												
Amsterdam (EUR)												
1-6 nights (nightly rate)	EUR 135	EUR 145	USD 164			EUR 200	EUR 210	USD 237		EUR 235	EUR 250	USD 282
7 nights + (weekly rate)	EUR 844	EUR 870	USD 983			EUR 1,250	EUR 1,325	USD 1,496		EUR 1,575	EUR 1,620	USD 1,830
One month + (monthly rate)	EUR 3,352	EUR 3,510	USD 3,964			EUR 4,720	EUR 5,000	USD 5,646		EUR 5,300	EUR 5,500	USD 6,211
3 month + (monthly rate)	EUR 3,094	EUR 3,200	USD 3,614			EUR 4,400	EUR 4,600	USD 5,194		EUR 5,150	EUR 5,300	USD 5,986
Brussels (EUR)												
1-6 nights (nightly rate)	EUR 120	EUR 140	USD 158			EUR 185	EUR 210	USD 237		EUR 225	EUR 260	USD 294
7 nights + (weekly rate)	EUR 735	EUR 810	USD 915			EUR 1,100	EUR 1,290	USD 1,457		EUR 1,385	EUR 1,475	USD 1,666
One month + (monthly rate)	EUR 3,175	EUR 3,300	USD 3,726			EUR 4,150	EUR 4,300	USD 4,855		EUR 5,575	EUR 6,100	USD 6,890
3 month + (monthly rate)	EUR 2,980	EUR 3,100	USD 3,501			EUR 3,995	EUR 4,100	USD 4,629		EUR 5,380	EUR 5,700	USD 6,438
Frankfurt (EUR)												
1-6 nights (nightly rate)	EUR 135	EUR 130	USD 147			EUR 207	EUR 200	USD 226		EUR 260	EUR 250	USD 282
7 nights + (weekly rate)	EUR 847	EUR 835	USD 943			EUR 1,121	EUR 1,100	USD 1,242		EUR 1,500	EUR 1,475	USD 1,666
One month + (monthly rate)	EUR 3,518	EUR 3,500	USD 3,952			EUR 4,225	EUR 4,000	USD 4,517		EUR 5,525	EUR 5,500	USD 6,212
3 month + (monthly rate)	EUR 3,157	EUR 3,000	USD 3,388			EUR 3,900	EUR 3,800	USD 4,291		EUR 5,275	EUR 5,000	USD 5,647
Lisbon (EUR)												
1-6 nights (nightly rate)	EUR 110	EUR 125	USD 141			EUR 150	EUR 170	USD 192		EUR 220	EUR 235	USD 265
7 nights + (weekly rate)	EUR 650	EUR 750	USD 847			EUR 953	EUR 1,000	USD 1,129		EUR 1,175	EUR 1,250	USD 1,412
One month + (monthly rate)	EUR 2,620	EUR 2,725	USD 3,077			EUR 3,650	EUR 3,750	USD 4,235		EUR 4,625	EUR 4,700	USD 5,309
3 month + (monthly rate)	EUR 2,300	EUR 2,430	USD 2,744			EUR 3,420	EUR 3,520	USD 3,975		EUR 4,430	EUR 4,500	USD 5,083
London (GBP)												
1-6 nights (nightly rate)	GBP 195	GBP 190	USD 277	EUR 245		GBP 280	GBP 265	USD 386	EUR 342	GBP 345	GBP 320	USD 466
7 nights + (weekly rate)	GBP 1,240	GBP 1,200	USD 1,749	EUR 1,548		GBP 1,850	GBP 1,800	USD 2,624	EUR 2,322	GBP 2,300	GBP 2,150	USD 3,134
One month + (monthly rate)	GBP 4,250	GBP 4,180	USD 6,093	EUR 5,393		GBP 5,975	GBP 5,900	USD 8,600	EUR 7,612	GBP 7,830	GBP 7,500	USD 10,932
3 month + (monthly rate)	GBP 4,000	GBP 3,900	USD 5,685	EUR 5,032		GBP 5,430	GBP 5,350	USD 7,798	EUR 6,903	GBP 7,437	GBP 7,000	USD 10,204

Disclaimer: These rates are average rates and may vary per location, time of year, regional promotions and specific lengths of stay. Rates quoted are based on an average 4 star extended stay property and exclude taxes. Exchange rates used March 2016.

Figure 32. City rates analysis - Europe (continued)

	STUDIO				ONE BEDROOM				TWO BEDROOM			
	2015/16 rate		2016/17 rate		2015/16 rate		2016/17 rate		2015/16 rate		2016/17 rate	
	Local currency	Local currency	US\$	Euro	Local currency	Local currency	US\$	Euro	Local currency	Local currency	US\$	Euro
EUROPE												
				YoY variance %								YoY variance
Madrid (EUR)												
1-6 nights (nightly rate)	EUR 115	EUR 115	USD 130	0%	EUR 195	EUR 180	USD 203		EUR 210	EUR 200	USD 226	
7 nights + (weekly rate)	EUR 675	EUR 670	USD 757	-1%	EUR 1,200	EUR 1,000	USD 1,129		EUR 1,375	EUR 1,250	USD 1,412	-5%
One month + (monthly rate)	EUR 2,225	EUR 2,200	USD 2,484	-1%	EUR 3,400	EUR 3,200	USD 3,614		EUR 4,350	EUR 4,000	USD 4,518	-9%
3 month + (monthly rate)	EUR 2,000	EUR 1,950	USD 2,202	-3%	EUR 3,200	EUR 3,000	USD 3,388		EUR 4,100	EUR 3,850	USD 4,349	-8%
Moscow (RUB)												
1-6 nights (nightly rate)	RUB 6,000	RUB 6,200	USD 93	3%	RUB 6,305	RUB 6,500	USD 98	EUR 87	RUB 8,800	RUB 9,000	USD 135	EUR 120
7 nights + (weekly rate)	RUB 32,500	RUB 33,000	USD 497	2%	RUB 33,000	RUB 33,900	USD 510	EUR 454	RUB 48,200	RUB 50,000	USD 752	EUR 669
One month + (monthly rate)	RUB 117,250	RUB 118,000	USD 1,776	1%	RUB 119,000	RUB 120,000	USD 1,806	EUR 1,606	RUB 170,000	RUB 171,500	USD 2,581	EUR 2,295
3 month + (monthly rate)	RUB 115,000	RUB 116,200	USD 1,749	1%	RUB 115,000	RUB 116,000	USD 1,746	EUR 1,553	RUB 165,500	RUB 166,500	USD 2,505	EUR 2,228
Paris (EUR)												
1-6 nights (nightly rate)	EUR 175	EUR 190	USD 215	9%	EUR 256	EUR 275	USD 311		EUR 415	EUR 435	USD 491	
7 nights + (weekly rate)	EUR 1,000	EUR 1,100	USD 1,242	10%	EUR 1,625	EUR 1,750	USD 1,976		EUR 2,550	EUR 2,720	USD 3,073	5%
One month + (monthly rate)	EUR 3,592	EUR 3,640	USD 4,110	1%	EUR 5,859	EUR 6,000	USD 6,776		EUR 9,500	EUR 9,850	USD 11,128	7%
3 month + (monthly rate)	EUR 3,383	EUR 3,450	USD 3,896	2%	EUR 5,565	EUR 5,750	USD 6,494		EUR 8,300	EUR 8,550	USD 9,660	4%

Disclaimer: These rates are average rates and may vary per location, time of year, regional promotions and specific lengths of stay. Rates quoted are based on an average 4 star extended stay property and exclude taxes. Exchange rates used March 2016.

Source: *The Apartment Service*

Regional Report Middle East

Prepared by Colliers International



Continued development of the regional economies has resulted in rising demand from expatriates. Compounded by increasing rents and high property prices in prominent Gulf Cooperation Council (GCC) cities, expatriates often opt for hassle free serviced apartments instead of residential apartments.

Originally comprised mostly of unbranded properties, serviced apartments in the Middle East were typically owned and managed by private individuals. However, this product has evolved in mature hospitality markets such as Dubai, Abu Dhabi and Doha, where internationally branded properties currently exceed 40% of total supply, and have distinct characteristics when compared to Western markets.

Large units and duplexes are sought after, given the growing demand from relocating expatriates, families and groups on vacation. Flexibility of units is essential, where a 2 bedroom can be connected to a studio, to provide for the demand of 3 bedroom apartments in peak family vacation seasons in order to yield high rates.

Another key feature is the presence of a maid's room in high end serviced apartments, to primarily attract Arab families traveling with a maid. Although some developers have begun including maid rooms in new projects, adoption of these facilities in the wider region will aid in the attraction of GCC guest segments.

Challenges facing the sector include the current lack of transport infrastructure, which is a key requirement for midscale properties that are often located away from city centres, catering to price sensitive guests. However, most serviced apartments overcome this challenge by arranging shuttle bus service to and from the city centre.

Serviced apartments in the GCC

In the region, the highest average rates for serviced apartments are to be found in Manama, Bahrain, due to the city's limited supply and the nature of Bahrain as a weekend getaway destination for many GCC nationals.

The highest occupancy levels for serviced apartments are achieved in Abu Dhabi, followed by Riyadh, registering above 85% in 2015, predominantly due to the markets limited branded supply and the Kingdom of Saudi Arabia's (KSA) growing economy. However Dubai's serviced apartment market has witnessed a drop in overall performance, attributed to the decline in the Rouble and Euro in 2014 and 2015, as well as the influx of new serviced apartment supply in those years.

Market Segmentation

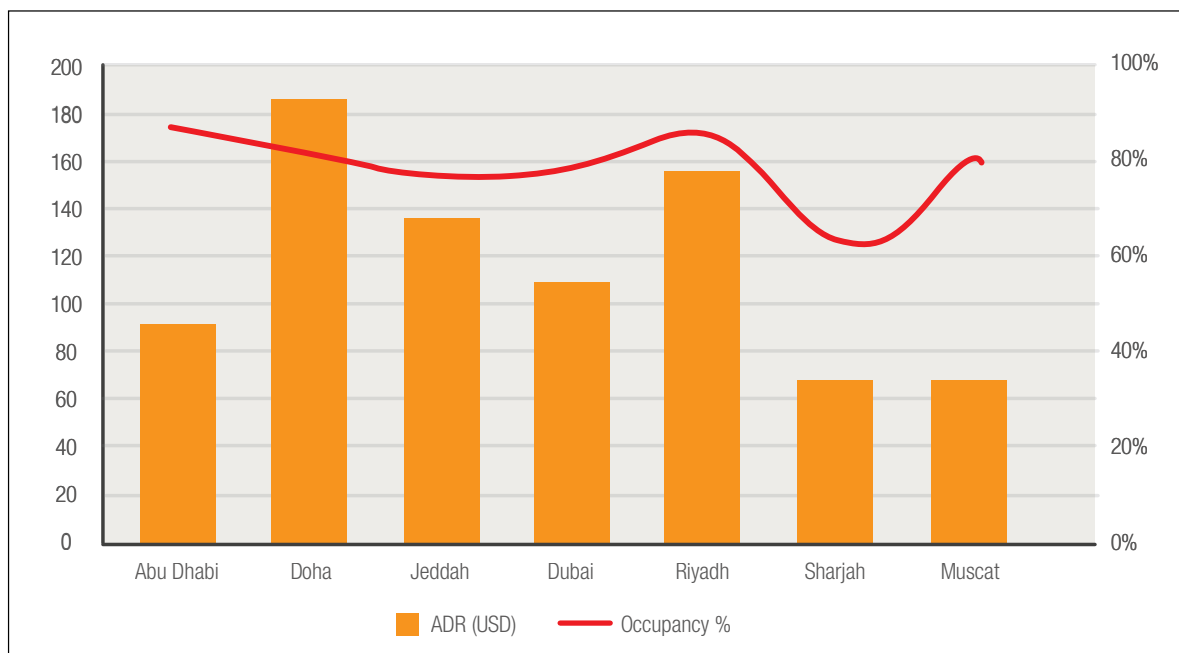
In order to maximize revenue, it is evident that Doha's market attracts significantly more long-stay than short or medium-stay demand. However, when looking at markets within the UAE and Saudi Arabia, it is noticeable that the majority of demand is generated by short stay guest, who visit for religious, visiting friends & relatives (VFR), leisure, and other purposes.

The dominance of the short-stay segment within KSA, United Arab Emirates (UAE), Oman, and Bahrain is linked to the fact that the majority of demand is generated by GCC nationals who typically travel in large family groups. As a result, these guest tend to prefer accommodation facilities which facilitate family time and self-catering services.

Nonetheless, Doha, Dubai, and Abu Dhabi hold the largest share of long-stay demand, due to the availability of quality supply (Internationally branded supply), which is characterized by business travellers on assignment and relocating families.

High residential rates in Qatar benefits the serviced apartment market, as many expatriate workers prefer serviced apartments as a substitute to residential accommodation.

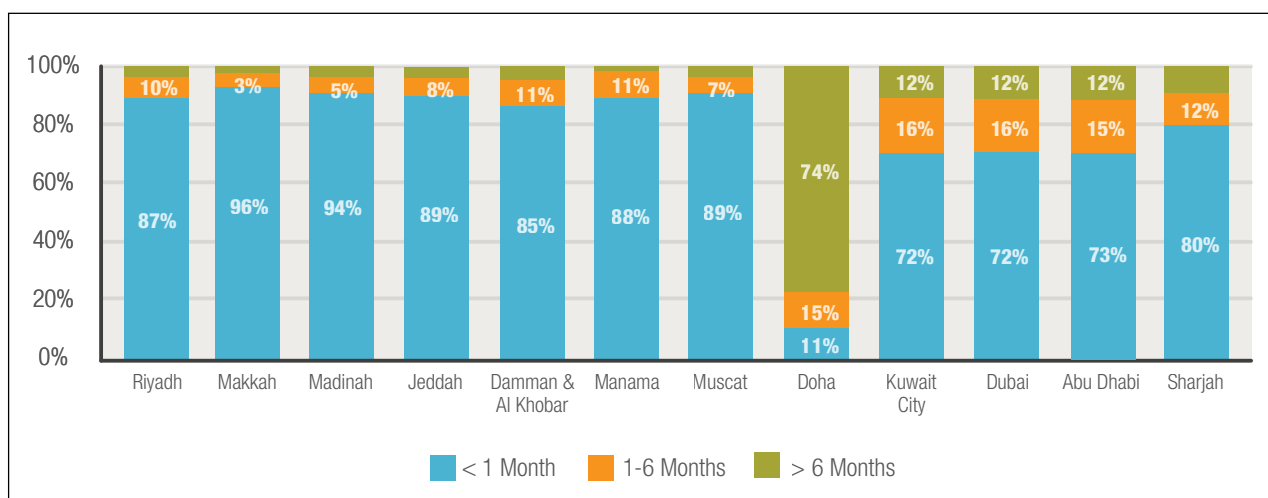
Figure 33. Serviced apartments KPIs, full year 2015



Source: Colliers International, 2016

ABU DHABI OCCUPANCY LEVELS HIGHEST AT 85%

Figure 34. GCC serviced apartments demand segmentation 2015



Source: Colliers International, 2016

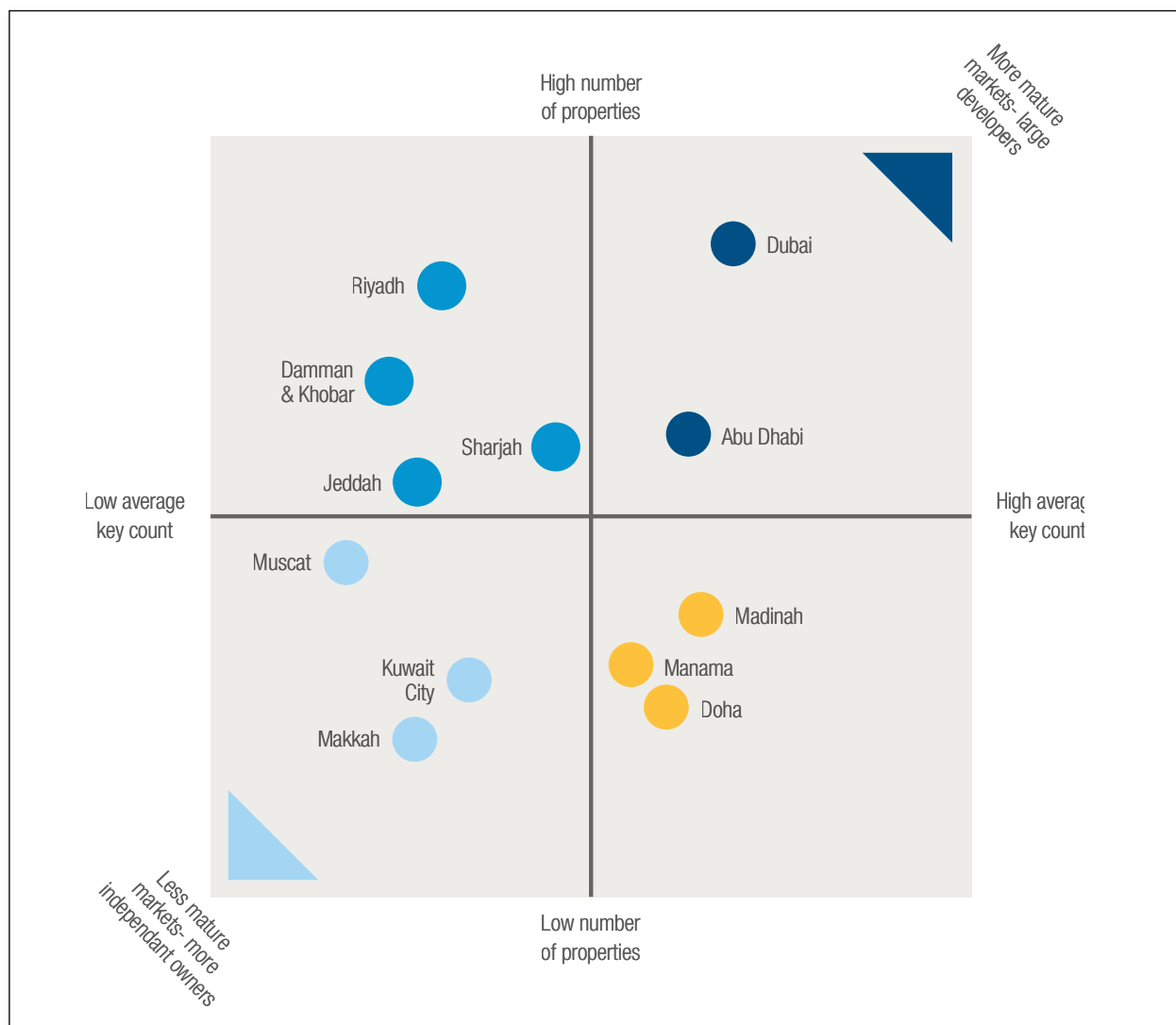
Supply Trends

Dubai holds the highest number of serviced apartment properties, currently totalling up to 232 establishments exceeding 29,000 keys and averaging 127 units. 35% of these units are managed and operated by international operators. The city's leading position may be attributed to the success of Dubai's Department of Tourism and Commerce Marketing (DTCM) in branding and promoting the city as vibrant leisure and corporate destination.

Following Dubai is the city of Riyadh in Saudi Arabia, with a total of 160 properties, however, serviced apartments in this city average 41 keys per establishment. The low average key count within cities such as Riyadh, Jeddah, Khobar and Dammam, Muscat, and Kuwait City, is attributed to the fact that the majority of serviced apartment establishments are developed by small individual investors, rather than large hospitality groups.

DUBAI HAS 232 SERVICED APARTMENT PROPERTIES AVERAGING 127 UNITS = 29,000 KEYS

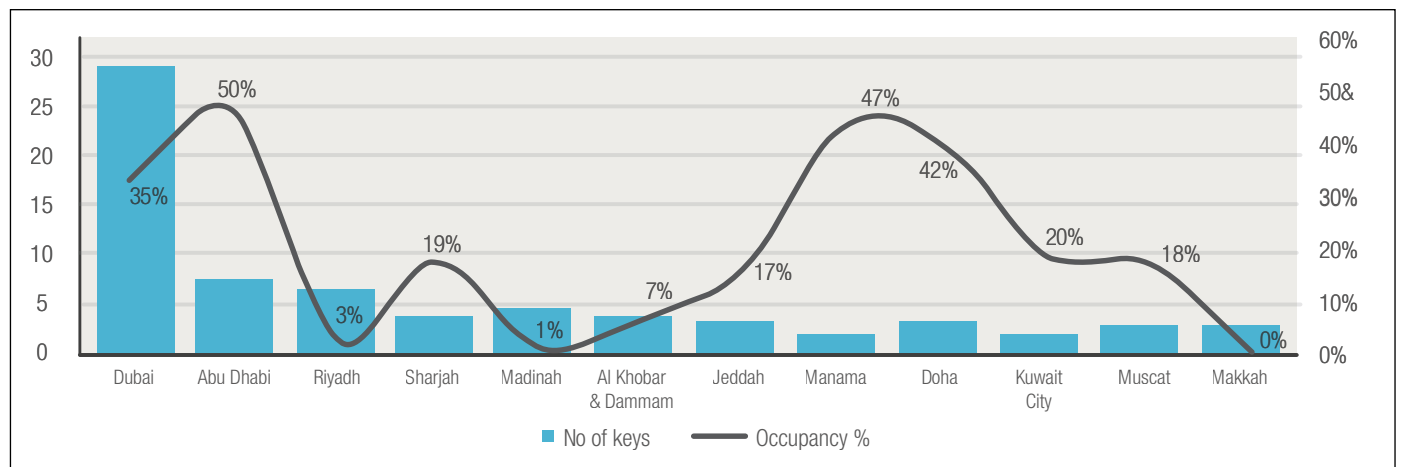
Figure 35. GCC existing supply 2015



The Holy cities of Makkah and Madinah in Saudi Arabia have the least developed serviced apartment markets, primarily attributed to the different nature of these destinations, which are heavily focused on religious tourism generated by pilgrims traveling for Hajj and Umrah. However, in regards to forthcoming supply, Hyatt, Accor Hotels and Marriott International are launching serviced apartment products in these cities, which will cater to the large groups / families of religious tourists.

Excluding Dubai, the current supply of serviced apartments within the GCC is limited, predominantly managed by unbranded and locally branded operators, and lack international operational standards. This highlights the opportunity for international operators to enter the GCC serviced apartment market with establishments comprised of a larger number of keys than the current market averages.

Figure 36. Number of keys and share of internationally branded supply 2015



Source: Colliers International, 2016



Distribution

Online travel agencies (OTAs) represent the largest source of demand for both branded and unbranded serviced apartments. In certain unbranded properties, this channel can represent up to 80-90% of bookings, indicating that the online reputation management has become increasingly important, as reviews and online pictures become an important deciding factor. Branded properties benefit from a larger share of direct bookings, brand website bookings and relocation management companies, while unbranded ones are a popular choice for walk-in guests generally during peak season.

Consumer trends

The Guest Experience Index (GEI) has been developed by Olery in conjunction with the VU University Amsterdam and indicates guests' general perceptions of a property's quality, on a scale from 1 to 100 (with 100 being the perfect top score).

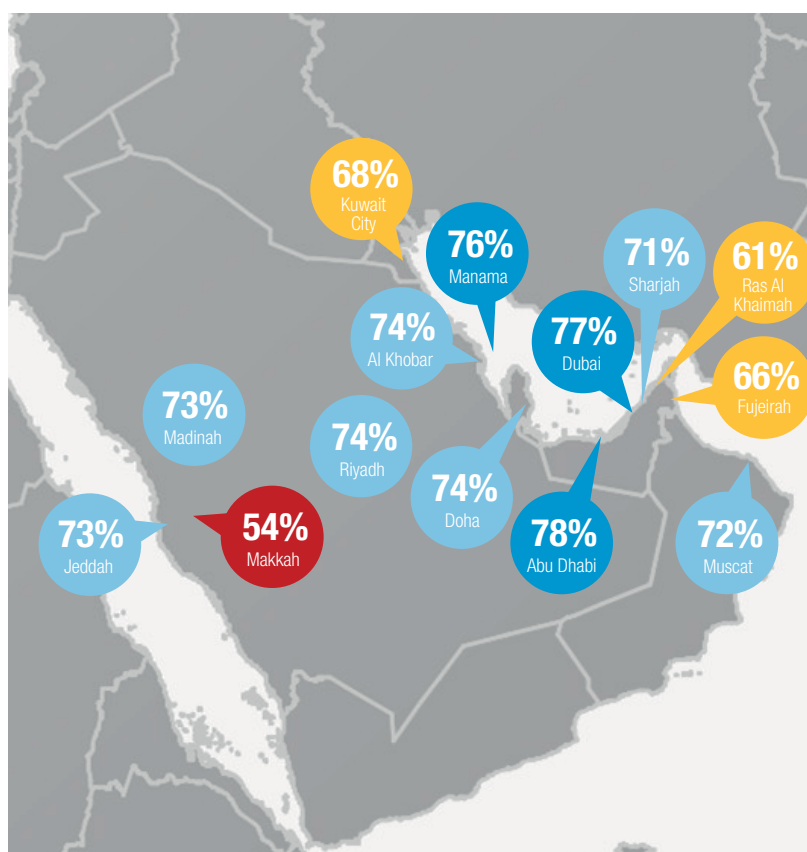
The below summarizes the key differences in scoring results of Serviced Apartments from Q4 2015 in the Middle East, which have been

extracted by Olery and captures a number of scoring matrices from various review sites and online travel agents.

In KSA and UAE, serviced apartments have a poorer cleanliness rating than in 3-star hotels; which suggests an evident gap in quality serviced apartments. In Qatar, however, serviced apartments are rated better than hotels. This can be linked to the high performance of several serviced apartment properties, within the market. Serviced apartments and 5-star hotels in the region have the highest rating in terms of value (better than 3 and 4-star hotels). When considering purely the internationally branded market, serviced apartments received a better value-rating than 5-star hotels.

Internationally branded serviced apartments achieved a higher GEI than 3, 4 and 5-star branded hotels in the region, Internationally branded serviced apartments consistently outperform unbranded, locally branded and regionally branded properties in each of the scoring segments, namely room rating, value, service, location and cleanliness.

Figure 37. Online rating - Guest Experience Index (GEI) for serviced apartments by city (Q4 2015)



Source: Olery, 2016, Colliers International, 2016

Investors, hotels & apartments

Serviced apartments typically require lower operating costs, lower staff ratios and less ancillary facilities/amenities, often making the business model less risky and more attractive for investors. From a development standpoint, construction costs for serviced apartments in the region are generally 30% lower than hotels on a per square metre basis.

Serviced apartments also provide the flexibility of being sold off as branded residences allowing for more immediate returns for the investor. A luxury branded residence can typically achieve a 21% to 40% premium sales price over standard residential units.

The GCC is expected to witness considerable growth in serviced apartment supply, however it is important to develop products suitable to both business travellers, relocating families, and regional leisure demand comprising of groups and families.

Supply

We estimate that there are 67,668 serviced apartments in 478 locations across the Middle East. On this basis, the region accounts for 8.18% of the global serviced apartments market in 4.44% of the world's serviced apartment locations. The major operators in the region are shown at Figure 38..

Rates

Serviced apartment rates across the Middle East are broadly similar. For example, a studio apartment in Abu Dhabi costs €159 a night for stays of up to one week; the same apartment type for the same length of stay in Dubai costs €162, whilst the region's most expensive destination is Doha, where the same accommodation and length of stay combination costs €172 a night.

Figure 38. Principal operators in the Middle East

		Locations	Apartments
Danmac Properties		37	7,817
Arjaan Hotel apartments	Rotana	28	5,818
Yassat Gloria Hotel Apartments + Gloria Hotel	Gloria Hotels	2	3,053
Khalidia Hotel Apartments	Khalidia Hotels	5	2,338
Ramee Hotel Apartments (Dubai, Abu Dhabi, Manama)	Ramee Hotels & Resorts	12	1,000
Vision Hotel Apartments	Vision Hotels	5	947
Mövenpick Hotels & Resorts		3	903
Auris Hotel Apartments - Dubai		3	874
TIME Hotel Apartments Dubai/Abu Dhabi/Egypt	TIME Hotels & Apartments	6	752
Ascott The Residence	The Ascott Ltd	5	646
Marriott Executive Apartments	Marriott	6	759
	Sub Total	112	24,907
	Total for the region	478	67,668

Source: The Apartment Service

Figure 39. City rates analysis - Middle East

	STUDIO					ONE BEDROOM					TWO BEDROOM				
	2015/16 rate		2016/17 rate		YoY variance	2015/16 rate		2016/17 rate		YoY variance	2015/16 rate		2016/17 rate		YoY variance
	Local currency	Local currency	US\$	Euro		Local currency	Local currency	US\$	Euro		Local currency	Local currency	US\$	Euro	
MIDDLE EAST															
Abu Dhabi (AED)															
1-6 nights (nightly rate)	AED 500	AED 625	USD 170	EUR 150	25%	AED 800	AED 900	USD 245	EUR 216	13%	AED 1,125	AED 1,175	USD 320	EUR 282	4%
7 nights + (weekly rate)	AED 3,000	AED 3,500	USD 953	EUR 841	17%	AED 4,100	AED 4,250	USD 1,157	EUR 1,021	4%	AED 6,100	AED 6,300	USD 1,715	EUR 1,514	3%
One month + (monthly rate)	AED 10,800	AED 11,000	USD 2,995	EUR 2,642	2%	AED 16,575	AED 16,700	USD 4,547	EUR 4,012	1%	AED 25,800	AED 26,100	USD 7,107	EUR 6,271	1%
3 month + (monthly rate)	AED 9,600	AED 10,000	USD 2,723	EUR 2,402	4%	AED 15,817	AED 16,000	USD 4,357	EUR 3,844	1%	AED 23,200	AED 23,800	USD 6,481	EUR 5,717	3%
Dubai (AED)															
1-6 nights (nightly rate)	AED 620	AED 675	USD 184	EUR 162	9%	AED 853	AED 880	USD 240	EUR 211	3%	AED 1,075	AED 1,154	USD 314	EUR 277	7%
7 nights + (weekly rate)	AED 3,650	AED 3,759	USD 1,024	EUR 903	3%	AED 4,750	AED 4,827	USD 1,314	EUR 1,160	2%	AED 6,400	AED 7,000	USD 1,906	EUR 1,882	9%
One month + (monthly rate)	AED 12,800	AED 13,500	USD 3,676	EUR 3,243	5%	AED 21,250	AED 22,000	USD 5,990	EUR 5,286	4%	AED 27,500	AED 26,000	USD 7,080	EUR 6,246	-5%
3 month + (monthly rate)	AED 11,300	AED 12,100	USD 3,295	EUR 2,907	7%	AED 20,000	AED 21,100	USD 5,745	EUR 5,045	6%	AED 25,000	AED 24,500	USD 6,671	EUR 5,886	-2%
Doha (QAR)															
1-6 nights (nightly rate)	QAR 685	QAR 710	USD 195	EUR 172	4%	QAR 930	QAR 1,000	USD 275	EUR 242	8%	QAR 1,250	QAR 1,375	USD 378	EUR 333	10%
7 nights + (weekly rate)	QAR 4,000	QAR 4,100	USD 1,126	EUR 994	3%	QAR 5,900	QAR 6,000	USD 1,648	EUR 1,454	2%	QAR 8,000	QAR 8,200	USD 2,252	EUR 1,988	3%
One month + (monthly rate)	QAR 16,467	QAR 17,000	USD 4,670	EUR 4,121	3%	QAR 24,816	QAR 25,000	USD 6,867	EUR 6,060	1%	QAR 32,156	QAR 33,000	USD 9,065	EUR 8,000	3%
3 month + (monthly rate)	QAR 15,000	QAR 15,500	USD 4,258	EUR 3,757	3%	QAR 23,900	QAR 24,200	USD 6,648	EUR 5,866	1%	QAR 29,500	QAR 30,000	USD 8,241	EUR 7,273	2%

Disclaimer: These rates are average rates and may vary per location, time of year, regional promotions and specific lengths of stay. Rates quoted are based on an average 4 star extended stay property and exclude taxes. Exchange rates used March 2016.

Source: The Apartment Service

Regional Report USA & Canada

By Mark Skinner, the Highland Group



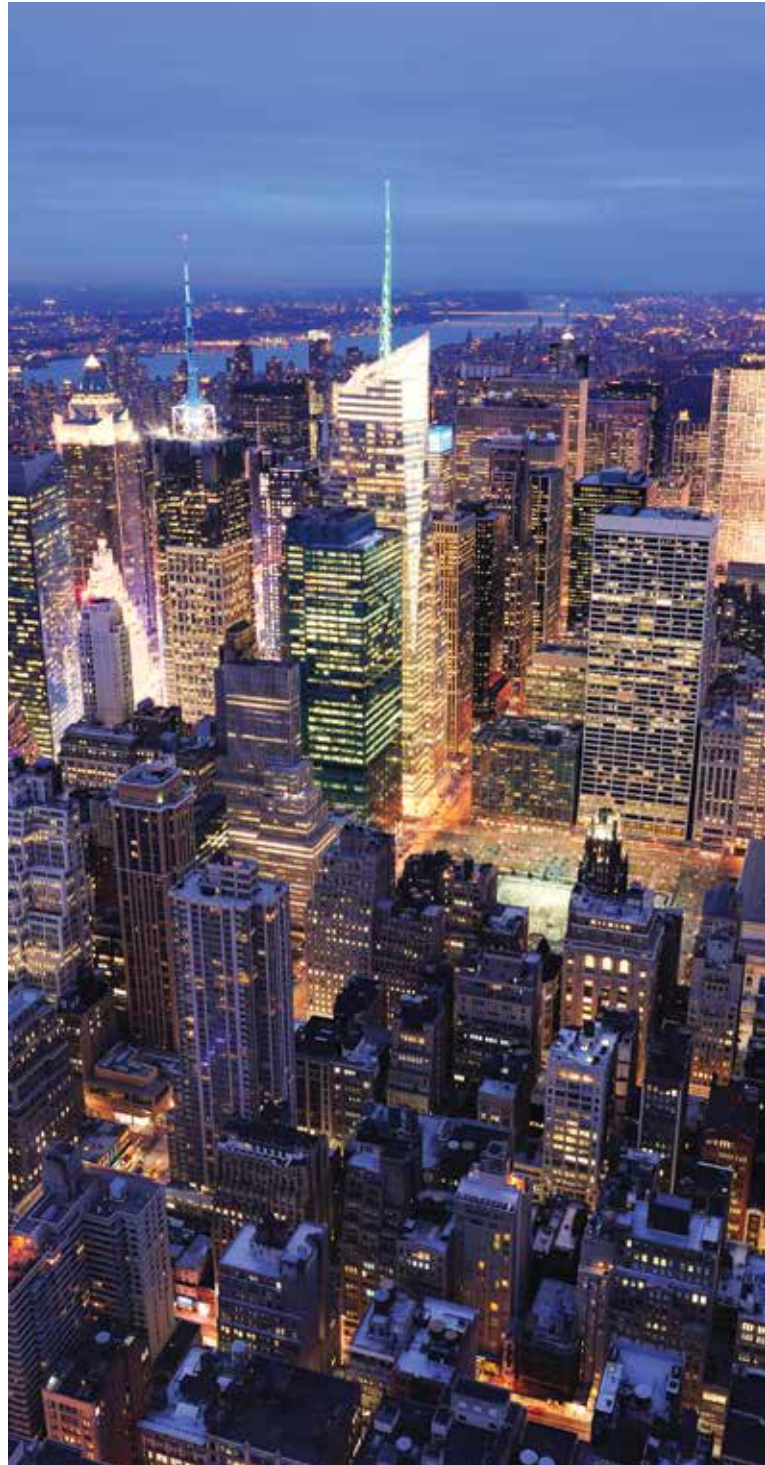
Introduction

North America is leading the way in growing international travel. A nation usually characterised by its work ethic (in 2015 it was estimated that 13% of US nationals do not take any paid holidays) is looking outward once again, with IPK International predicting a 5.9% growth in outbound traffic from the USA in 2016.

Consumer confidence, GDP growth, a strong dollar and falling unemployment are all fuelling outbound growth, but traffic heading in the opposite direction is reflecting a different trend. The United Nations World Tourism Organisation (UNWTO) reports a 4% growth in 2015, half as much as that enjoyed in 2014. Here the strong dollar is making the USA and Canada a more expensive option.

The outlook for US airlines is mixed, says the American Express Global Business Travel Forecast for 2016. Increased competition amongst short-haul, low-cost carriers is suppressing prices, whilst carriers face accusations of poor capacity controls. In Canada the picture is slightly worse, with falls in fares for short and long haul flights due to strong competition and (ironically) lower oil prices.

Prospects in the accommodation sector are much brighter. Hotels enjoyed good RevPAR and ADRs in 2015, driven by strong corporate demand for transient and meetings space in key city locations.



NORTH AMERICA IS LEADING THE WAY IN GROWING INTERNATIONAL TRAVEL



Corporate housing in the USA

The bigger the travelling distances, the longer the stay. The sheer size of the Americas partly explains why the corporate housing sector, ideal for long-term stays, dominated the extended stay in both the US and Canada.

According to The Corporate Housing Industry Report 2016, US corporate housing's average daily rate (ADR) in 2015 was \$143, with most serviced apartment operators reporting year-on-year growth. This reflects a year-on-year increase of 4.1% increase and compared to ADR in Canada estimated at \$128.

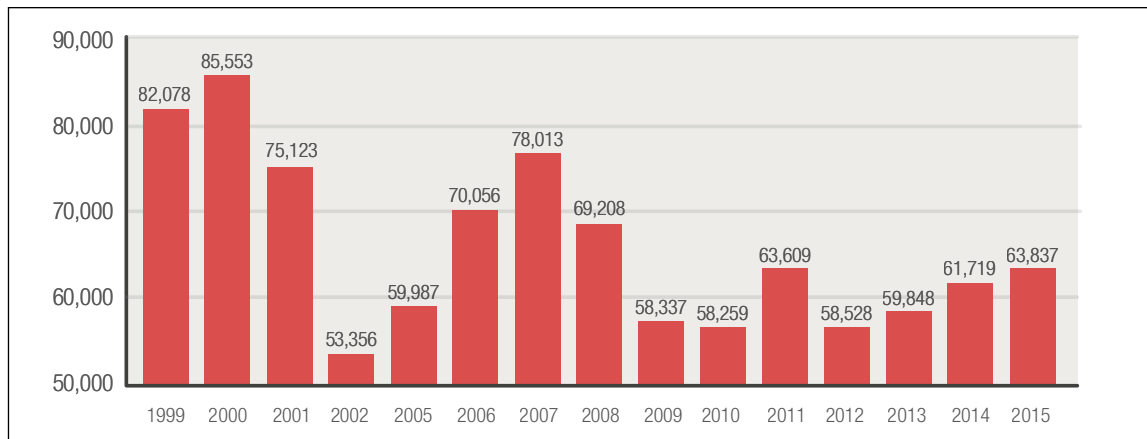
Those markets that experienced a decline in ADR reflected more, lower priced options becoming available. Demand for corporate housing has steadily increased as residential apartment construction introduces new units to the market, allowing corporate housing providers to accommodate demand.

For the fifth successive year, relocation was the largest reason for using corporate housing in the US. The use of corporate housing by interns was cited as the second largest reason for corporate housing. These two groups account for over 60% of the market. The technology and oil and gas sectors generate the most demand for corporate housing. Project work and training accounts for the majority of stays in Canada.

US corporate housing revenues were \$2.93 billion in 2015, a 7% increase over 2014. US corporate housing inventory is estimated at over 63,000 rental units while Canada adds approximately another 7,000 rental units.

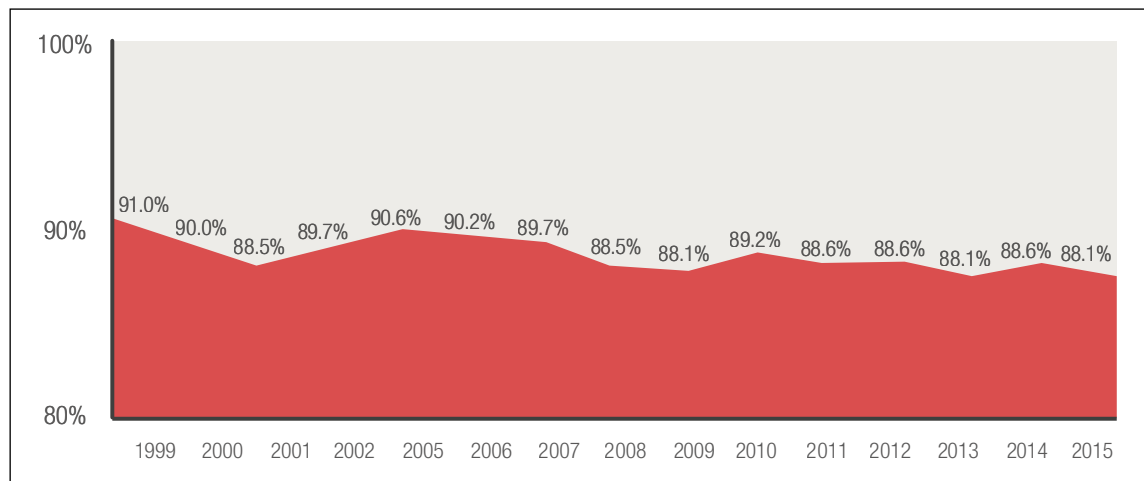
Average stay in the US was 84 nights in 2015 whilst occupancy in the US remained stable at 88.1%.

Figure 40. Estimated US Corporate housing unit supply



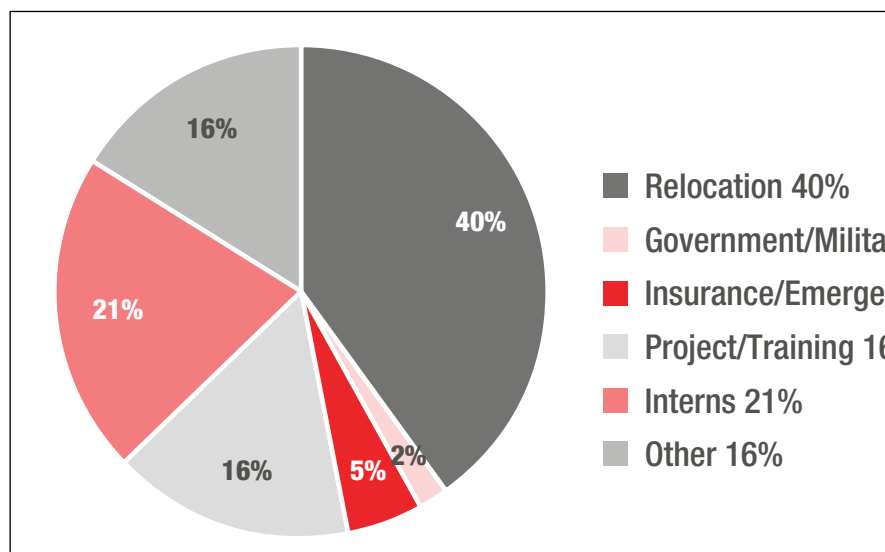
Source: The Highland Group

Figure 41. US Corporate housing occupancy trend



Source: The Highland Group

Figure 42. Trip purpose - US Corporate housing



Source: The Highland Group



Extended stay - North America

With the number of corporate housing units and extended-stay hotel rooms exceeding 450,000, North America is the world's largest region for extended-stay lodging product. Annual room revenues exceeded \$13 billion in 2015, up more than \$1 billion from 2014.

In the USA, the supply of extended-stay hotel rooms grew by more than 18,000 in 2015, the largest increase since 2009. Despite the supply growth, occupancy stayed at 76.4% which is its highest level since 2000. ADR increased to \$93.10, a 7.4% gain on 2014. The ADR increase was the strongest since 2006 and was the fifth straight year of growth. RevPar grew by the same amount and recorded a sixth consecutive year of growth well above inflation.

The number of extended-stay hotel rooms under construction at the end of 2015 reached a record high of 34,697. National supply growth in 2016 is expected to be 7%-8% with several large markets likely to see double-digit gains in supply.

With the growth in new rooms the highest in a decade, a small decline in occupancy is expected in 2016 if recent trends in demand growth are maintained. ADR increase will moderate in 2016 but should be sufficient to offset the fall in occupancy and result in a positive change in RevPar over 2015.

The number of corporate housing units in the USA approached 64,000 in 2015, a 3.4% increase over 2014. Average occupancy declined 0.5% to 88.1% which is within its 88% to 90% range since 2007. ADR increased to \$142.54 in 2015, a 4.1% gain over 2014. During the same period, RevPar grew 3.6% to \$125.59.

Because the great majority of US corporate housing units (serviced apartments) are leased, the supply of units is strongly correlated with the availability of residential apartments on acceptable lease terms. The highest residential apartment construction in several years should result in an increase in corporate housing inventory in 2016. Demand and ADR are also forecast to be higher than in 2015.

Largely because of the contraction in the oil & gas sector, which is, by industry, the largest user of serviced apartments in Canada, the supply of units declined 4.7% to just over 7,000. Average occupancy fell from 81.8% in 2014 to 79.4% 2015. During the same period ADR gained 4.7% to \$128 Canadian dollars.



Guest profile

The profile of extended stay guests is gradually changing, with corporates travelling on business or assignment being joined by leisure travellers and couples and families in particular. Length of stay is changing too, with more guests staying for one to three nights instead of the average nine days.

This is prompting more extended stay developments in resort and destination markets from operators including MainStay Suites, a midscale brand of Choice Hotels International. Operators are also introducing new brands to appeal to the growing millennial market, as well as the increasingly blurred lines between business and leisure trips into bleisure.

Home2 Suites by Hilton targets younger business travellers in urban areas, but Hilton is also focusing its expansion on suburban and secondary markets. Meanwhile Homewood Suites, an upscale brand that plays well in leisure markets, has launched a compact prototype to accommodate urban sites and allow owners to incorporate up to 85% studio suites to meet local market demands.

Staybridge Suites has also launched an urban guest room design that offers more efficient use of FF&E, such as mobile desk and built-in cubby shelves. The brand targets 35 to 49 year olds who travel for business during the week, but enjoy taking vacations with their families.

Catering to a wider guest demographic with extended-stay products is typical when the market is very strong and targets short-term transient travellers to boost yield. However there could be clouds on the horizon for the sector as growth in supply begins to outstrip growth in demand, causing occupancy to fall. When that happens, operators' focus will turn back to the traditional extended-stay guest.

Dual-branding

North America is also the home of dual-brand or cross-brand projects, where traditional hotel developments include extended stay hotels as part of the package. An extended-stay brand is typically paired with a full-service or select-service hotel because it generates more business with less operational costs as back-office operations such as housekeeping, laundry and maintenance are shared.

These projects also alleviate the issue of limited F&B offerings in extended stay hotels because guests can use the adjacent hotel's bar or dining area, thereby driving incremental revenues. Multi-branded projects including an extended-stay element also broadens the range of prospective guests, thereby driving even more revenue.

North Point Hospitality Group plans to build a tri-brand Marriott development in Nashville, where the extended stay Residence Inn brand will share a building with SpringHill Suites and an AC Hotel. To the guest, it looks like one hotel with different rooms; but the rooms are laid out to match each of the brand's standards. There will be the same front desk agent checking in both types of guests; and guests will share the same free breakfast and evening social.

Economy brands

Despite the healthy market for extended stay in the US, economy brands like Value Place continue to thrive. Supply in the economy segment was up 6% in 2015 over 2014.

With 84 owned and a similar number franchised, Value Place has grown its presence in the US significantly in the past three years, mostly in suburban and tertiary markets where business people traveling on strict per diems seek the basic accommodations, or relocating families are pinching pennies.

Parent company WoodSpring Hotels Inc. has now rolled out a lower-midscale brand called WoodSpring Signature in a bid to attract business travellers seeking a little more in the way of ambience and amenity at an affordable price. The rates will be about 20% higher than its economy product.

Another rapidly expanding economy brand is My Place, co-founded in South Dakota by Ron Rivett, co-creator of Super 8 Motels Inc. Another is Studio 6, which has 100 properties in the U.S. There are another 20 hotels in the Studio 6 pipeline – all are new build.

Market perspective

By Charlie Bingham, ex-Business Development Manager, Murphy's Corporate Lodging
with extensive experience of Corporate Housing in Texas



In 2014, Houston, Texas was the place to be! Record oil prices fuelled the boom and helped Houston become the US's fastest growing city with an estimated 156,000 new arrivals (mostly economic migrants) and the announcement that Houston would be hosting Superbowl LI in 2017....things could not be better!

A major issue was a lack of inventory of Class A Apartment communities and rental increases of between 6-8% per annum. 2014 proved to be our best year with a high of occupied apartments at 749 and an annual occupancy rate of just under 93%. Houston is headquarters for 17 energy-related Fortune 500 companies and is home to more than 3,600 energy-related establishments. Houston is also home to 13 of the

nation's 20 largest natural gas transmission companies, 600 exploration and production firms and more than 170 pipeline operators. Despite a very healthy general economy the majority of our business was oil and gas related at around 85%.

In the last two years, there has been a significant shift in our local economy. It is estimated that over 35,000 new apartment units (not all Class A) have come on line in Houston. However this has coincided with a significant slide in the oil price leading to an economic slump.

This decline has led to industry adjustments and declining financial performance and negative headlines. In September 2014, the shale oil boom was responsible for 907 rigs in Texas; however, by February 2016 this was down to 227 and falling. Schlumberger (the world's largest oilfield services company) has eliminated 34,000 employees (26% of total workforce) since November 2014. Consolidation often follows a downturn and the proposed merger between Halliburton and Baker Hughes led to over 21,000 layoffs in 2015 alone. Shell has purchased BG Group and it remains to be seen what levels of consolidation will occur in terms of employee headcount.

But Houston is a far more diversified city than during previous energy price busts. There has been and is planned significant expansion activity is planned within the petrochemical industry (c.\$50 Billion) over the next few years. The Houston ship canal is also expected to benefit from significant growth once the Panama Canal expansion is completed later in 2016.



Energy company cost savings mean less projects, less relocations and more sharing/other cost control; all lead to a reduced need for employee accommodation and apartments. In 2014, our average length of stay was just over 6 months. This has now fallen to around 4 months as companies worry about committing to longer leases, in case something changes.

According to the CHPA Highland Report, Dallas has consistently had over 1,000 occupied corporate apartments and its relative proximity to Houston (by Texas standards) made it an obvious choice for our second location. In less than 2 years, we had over 70 occupied apartments across the metroplex.

We have also seen more personal stay requests, as individuals gain knowledge of Corporate Housing and see the benefits versus hotels. Some of our marketing has focused on this growing market as Houston continues to expand its reputation as a tourist destination in terms of culture, dining and entertainment. Personal trips increase for family, leisure and shopping reasons during the holidays and we have targeted this market with specific marketing campaigns. We continue to highlight the many benefits that apartment living has over hotels - more space, more family friendly, no hotel tax (stays over 30 days), grocery delivery service and other unique benefits.

According to the CHPA Highland Report in 2014 there were 4,900 occupied corporate apartments in Houston – second highest in the USA behind Los Angeles. The Exxon Mobil move to The Woodlands has not had the knock on effect of other companies moving to the Greater Houston area as predicted. However, the Dallas-Fort Worth economy is heating up and the headline grabbing move of Toyota from California to North Dallas has had a significant impact on the wider Dallas economy. Confidence is high and the city retains a diverse industry sector with corporate head offices representing diverse industry sectors including retail, media, accounting, legal and sports.

Houston will host Superbowl LI in February 2017 and that is benefitting Houston with additional city and state investment that are helping to relieve some of the oil price malaise. It is estimated that at the height of the oil boom there were 65 Corporate Housing companies in Houston providing over 4,900 furnished apartments. It is widely expected that this number will have fallen in 2015 and will continue to fall. Poorly run companies with average standards are struggling in this economy and companies such as ours will focus on driving client value to ensure good client retention. We are confident that we will come out of the oil price decline in a stronger position as we have a more diversified client portfolio and a larger geographical presence in the state of Texas and beyond.

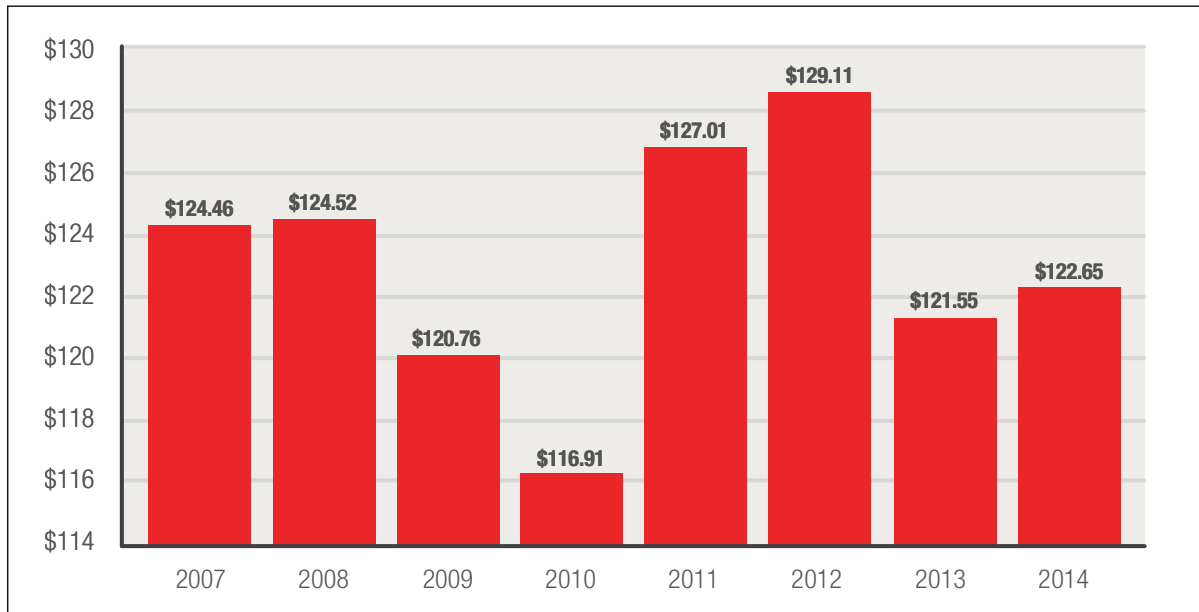


Canada

Across Canada corporate housing is often referred to as executive suites. The statistics reported for Canada in this survey are all in Canadian dollars and include Toronto, Calgary, Vancouver and Other Areas. Toronto is divided into the Downtown and the Greater Toronto Area (GTA) Suburbs MSAs for this report.

Canadian research in the corporate housing/ executive suite industry is evolving. This report has six years of history on the Canadian market. The supply of units in Canada was estimated at 7,347 in 2014, an increase of 1.8% compared to 2013. Corporate housing providers in Canada expect unit supply to increase 1.8% in 2015 from 2014.

Figure 43. Canadian corporate housing average rate

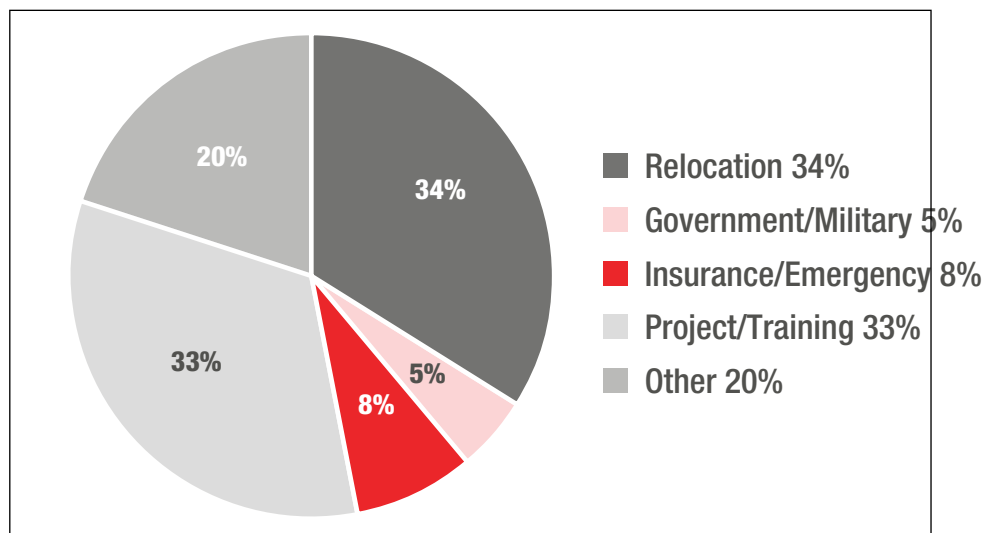


Source: The Highland Group


7,347 UNITS IN CANADA IN 2014

1.8% INCREASE EXPECTED IN 2015

Figure 44. Trip purpose - Canadian corporate housing



Source: The Highland Group



484,594
SERVICED APARTMENTS
IN **6,426**
LOCATIONS ACROSS THE
AMERICAS AND CANADA



Supply

We estimate that there are 484,594 serviced apartments in 6,426 locations across The Americas and Canada, together with 70,300 corporate housing units. On this basis, the region accounts for 58.61% of the global serviced apartments market in 59.63% of the world's serviced apartment locations. The major operators in the region are shown at Figure 44.

Rates

Serviced apartment rates vary significantly between the USA and Canada. For example, a studio apartment in Toronto costs €112 a night for stays of up to one week; the same apartment type for the same length of stay in Boston costs €146, whilst in New York the same accommodation and length of stay combination costs €216 a night.

Figure 45. Principal operators in the Americas & Canada

		Locations	Apartments
Residence Inn	Marriott	698	85,287
Extended Stay Hotels	Extended Stay Hotels	629	69,400
Homewood Suites	Hilton	394	44,225
Candlewood Suites	Intercontinental Hotel Group (IHG)	341	32,328
Towne Place Suites	Marriott	278	28,022
Woodspring Suites		211	25,165
Oakwood	Oakwood Corp Housing (est)	1,840	20,963
Staybridge	IHG	211	22,662
Hawthorn Suites	Wyndham Worldwide	98	10,584
Studio 6	G6 Hospitality	99	10,034
	Sub Total	4,799	348,670
	Total for the region	6,426	484,594

Corporate Housing	
USA	63,000
Canada	7,300
Total	70,300

Source: The Apartment Service

Figure 46. City rates analysis - USA & Canada

	STUDIO				ONE BEDROOM				TWO BEDROOM							
	2016/17 rate			YoY variance	2016/17 rate			YoY variance	2016/17 rate			YoY variance				
	2015/16 rate	Local currency	US\$	Euro	%	2015/16 rate	Local currency	US\$	Euro	%	2015/16 rate	Local currency	US\$	Euro	%	
USA/CANADA																
	Boston (USD)															
	1-6 nights (nightly rate)	USD 150	USD 165				USD 165	USD 180				USD 195	USD 205		5%	
	7 nights + (weekly rate)	USD 900	USD 945				USD 1,020	USD 1,100				USD 1,200	USD 1,300		8%	
	One month + (monthly rate)	USD 3,400	USD 3,500				USD 3,680	USD 3,820				USD 4,560	USD 4,700		3%	
	3 month + (monthly rate)	USD 3,150	USD 3,200				USD 3,420	USD 3,500				USD 4,280	USD 4,300		0%	
New York (USD)																
	1-6 nights (nightly rate)	USD 225	USD 245				USD 312	USD 320				USD 375	USD 400		7%	
	7 nights + (weekly rate)	USD 1,420	USD 1,500				USD 2,093	USD 2,115				USD 2,845	USD 3,000		5%	
	One month + (monthly rate)	USD 3,800	USD 4,000				USD 4,975	USD 5,025				USD 5,200	USD 5,300		2%	
	3 month + (monthly rate)	USD 3,600	USD 3,800				USD 4,425	USD 4,600				USD 4,900	USD 5,100		4%	
Toronto (CAD)																
	1-6 nights (nightly rate)	CAD 151	CAD 160	USD 127			CAD 175	CAD 200	USD 158			CAD 210	CAD 225	USD 178		7%
	7 nights + (weekly rate)	CAD 800	CAD 820	USD 649			CAD 950	CAD 1,000	USD 791			CAD 1,225	CAD 1,300	USD 1,029		6%
	One month + (monthly rate)	CAD 2,900	CAD 3,000	USD 2,374			CAD 3,645	CAD 3,750	USD 2,967			CAD 4,025	CAD 4,200	USD 3,323		4%
	3 month + (monthly rate)	CAD 2,500	CAD 2,750	USD 2,176			CAD 3,150	CAD 3,200	USD 2,532			CAD 3,820	CAD 4,000	USD 3,165		5%

Disclaimer: These rates are average rates and may vary per location, time of year, regional promotions and specific lengths of stay. Rates quoted are based on an average 4 star extended stay property and exclude taxes. Exchange rates used March 2016.

Source: *The Apartment Service*

Report Conclusions

by Mark Harris, Travel Intelligence Network

Throughout this, and the five previous editions of the GSAIR we have charted the rise and rise of serviced apartments. It could be argued that the sector has succeeded because of, rather than despite the challenges it has overcome.

Global recession and corporate cost cutting has forced corporates to consider cheaper alternatives to hotels. Corporate manslaughter legislation in the UK has pushed Duty of Care to the top of mobility managers' priorities. The millennials' now dominate consumer audience. These are just three factors that have turned serviced apartments into a hospitality product that appeals to business and leisure customers, investors and operators alike. So what does the serviced apartment sector look like in the year ahead? How long can this growth cycle continue, and what barriers lie in its way?

Demand vs supply

Although serviced apartment usage is still growing, there are signs that adoption rates are levelling off and many corporate programmes that include serviced apartments are now maturing; three-quarters of UK corporates had sampled serviced apartments at the time of our last report. However, there is still new growth, fuelled by accelerating global increases in business travel and corporate mobility originating from new user sources.

Supply is continuing to expand at a steady and consistent rate across all global regions, driven by rising institutional and private investment. The incremental profits on offer make this investment class very attractive. However, property prices, taxation and red tape are making it tough for existing operators to readily expand their inventories. In turn, we believe this makes consolidation of smaller players more likely. New and expansion of existing networks like TAS Alliance will become a more frequent occurrence too.

Sector expansion has brought a proliferation of new brands, to the point of overload. By personalising their offerings to different niche audiences a myriad of brands has been created, few of which enjoy widespread consumer recognition. This also suggests there could be imminent brand consolidation, as Hilton have announced with their extended stay portfolio. We believe this growth, coupled with future pipeline, could lead to over-supply in some areas, suggesting that the gap between supply and demand maybe in danger of being reversed.

Fragmentation

Together with brand proliferation, the arrival of disruptor products like Airbnb has created a double-edged sword for the serviced apartment sector.

Although they have created mainstream awareness of non-hotel accommodation alternatives, they also represent a fragmented aspect of the serviced apartment product, highlighting inconsistencies in both product & amenities that Quality Assurance programmes are trying to address. As a result, the sector has to work even harder to explain what customers should expect from their serviced apartment offerings.

Further fragmentation is evident in the supply chain, where the proliferation of distribution channels is causing confusion. The existence of operators, agents, hybrid agent/operators and so on creates a lack of transparency which is detrimental to the sector.

The emergence of these vacation rental and short term rental sub-sectors, with their different products, makes the question 'what is a serviced apartment' more relevant than ever. In effect, 'serviced apartment' is in danger of becoming the generic name for numerous hotel alternatives.

Challenges

The sector has still not solved many of its technology challenges. Today's customer expects instant availability and real-time inventory management; in the serviced apartment world only the extended stay/aparthotel operators are able to deliver this effectively using established distribution methods.

Corporate procurement still struggles with sourcing and supply, especially around RFPs. Procurement will always seek to commoditise travel; the serviced apartment sector needs to work more at moulding itself to its business customers' needs and the latter need to understand that not all serviced apartment options are 'travel' offerings and a better understanding of the relocation sector and its needs will also help.

Inconsistencies in product, amenities and customer experience remain sizeable obstacles to further adoption. Today's travellers expect more, and are quicker to express their views when those needs are not met. Will association-driven Quality Assessment schemes achieve the same level of acceptance with consumers as TripAdvisor and other reputation management tools? We predict that the coming years could see a battle for customers' hearts and minds between the regulated and un-regulated sectors.

Solutions

The serviced apartments sector can no longer rely on organic growth to see itself through an increasingly complex hospitality world. To reach the next level, operators, distributors and corporates need to co-operate to better understand the changes necessary to make the generic product easier to source and book.

There needs to be greater transparency around distribution channels so that customers know what they are buying, and who from.

Finally, the need for education about the serviced apartment product, its suppliers and best practice in deployment is no less important than it was in 2008 when the first GSAIR was published.

Brand Profiles

What's in a brand?

The traditional definition of a brand is the name of a product, service, or concept that is distinct from other products, services, or concepts so that it can be marketed effectively.

The serviced apartment sector is in the early stages of brand development. Unlike the mainstream hotel sector, serviced apartments and extended stay brands do not yet enjoy the kind of household recognition that, say Hilton or Accor command. And yet, due to the ever-widening distribution of serviced apartment products, the process of educating the consumer has begun.

There are certainly a lot of serviced apartment brands out there. They range from operators with multiple brands in different locations, such as Frasers, to operators with one brand in multiple locations (e.g. Adagio), to single-location brands.

As more brands are created, it becomes more and more important to differentiate between product, locations, amenities and other aspects of brand DNA. That's why, in this GSAIR, we have for the first time, included profiles on a selection of brands.

For this purpose we have defined a serviced apartment brand as one which appears in more than one location. The selection included here represents a cross-section of brands in the market place and does not reflect any rankings, priority or preference.



BRAND PROFILE

2014/15 Locations 100, Units 11,000

2016/2017 Locations 110, Units 12,000

Ownership Aparthotels Adagio® is a joint venture formed in 2007 between Pierre & Vacances-Center Parcs Group, the European leader in leisure residences, and AccorHotels, a major global group and the European leader in hotels.

Locations The network has 110 aparthotels worldwide and is set to expand to 150 aparthotels by 2018:

- France (Paris, Marseille, Strasbourg, Toulouse, Bordeaux, Nice, Nantes, Aix-en-Provence, Caen, Annecy, Monaco, Avignon, Le Havre, Perpignan, Tours, Poitiers, Orléans, Rennes, Dijon, Nancy, Nîmes, Lille, Grenoble)
- Germany (Berlin, 2 x Munich, Cologne)
- Austria (Vienna)
- UK (Birmingham, Liverpool)
- Belgium (2 x Brussels)
- Italy (Rome)
- Switzerland (Geneva and Basel)
- Russia (Moscow)
- Brazil (Rio de Janeiro, 4 x São Paulo, Porto Alegre, Curitiba)
- UAE (Abu Dhabi, Fujairah, Dubai)
- Qatar (Doha)

Brands & descriptions Aparthotels Adagio®, No. 1 in Europe, offers modern, comfortable, spacious apartments in urban locations with a fully equipped kitchen and hotel services for extended stays, based on attractive tiered pricing from fourth night onwards. The brand provides 3 product ranges:

- Adagio: the midscale aparthotels in the heart of Europe's leading cities - the aparthotel that sets the standard;
- Adagio access: economic range, functional aparthotels located on cities' doorstep - all the essentials, at the best price;
- Adagio premium: upscale range aparthotels in prime worldwide locations - the luxury aparthotel.

Amenities Standards: Free internet connection, 24/7 reception, housekeeping, fully equipped kitchen, desk with private phone line, flat-screen TV and numerous storage space.

Optional: laundry, facilities, dry-cleaning, daily cleaning, breakfast buffet, car park and baby-kit

Points to note Aparthotels Adagio offers a solid international network in 12 countries in Europe and beyond. The brand is part of Le Club Accorhotels loyalty program, offering a powerful global loyalty program with more than 13 hotel brands and 3900 participating hotels. Aparthotels Adagio also participates at Planet21, AccorHotels' sustainable development program.

New openings New openings include:

- UK: Edinburgh (Dec 2016)
- Germany: Frankfurt (June 2016), Bremen (2017)
- France: Colombes (Feb 2016), Malakoff (2016)
- Brazil: Salvador di Bahia, Jundiai, Alphaville
- Middle East: Jeddah



aka.

BRAND PROFILE

2014/15 Locations 8

2016 Locations 11

Ownership AKA by Korman Communities.

Locations For example

- New York City
- Beverly Hills
- Philadelphia
- Washington, DC
- London

Brands & descriptions AKA balances the style and hospitality of an intimate hotel with the space and comfort of a fully-appointed luxury residence. Designed for short and long term stays, AKA stands for unparalleled metropolitan locations; signature design; and exceptional business, entertainment and lifestyle services.

Amenities In-suite amenities and services include fully accessorized gourmet kitchens, luxurious Bulgari bath amenities, meticulous housekeeping, complimentary wifi, and complimentary laundry and valet services.

Points to note AKA rewards the guest who prefers a longer, more leisurely stay – and the benefits enjoyed by a full time resident: ample space; quality furnishings; realistic rates; and thoughtful amenities.

New openings New openings include:

- AKA University City, Late Summer 2016, Philadelphia PA
- AKA Wall Street, Spring 2016, New York City



BRAND PROFILE

2016 Locations over 45, Units over 8,000

Ownership Ascott The Residence is managed by The Ascott Limited, a member of CapitaLand. It is the largest international serviced residence owner-operator with more than 290 properties in 100 cities across the Americas, Asia Pacific, Europe and the Middle East. It operates three award-winning brands Ascott, Citadines and Somerset.

Locations

- Asia (Singapore, Jakarta, Surabaya, Kuala Lumpur, Manila, Bangkok, Ho Chi Minh City, Beijing, Shanghai, Guangzhou, Suzhou, Tianjin, Shenzhen, Chongqing, Hangzhou, Chengdu, Macau, Foshan, Wuxi, Xiamen, Taiyuan, Nantong, Tokyo, Gurgaon)
- Europe (London, Paris)
- Middle East (Dubai, Al Khobar, Jeddah, Riyadh)

Brands & descriptions

Prestigious and pampering, Ascott The Residence lavishes business travellers with discreet service in plush refinement. Located in the prime business districts in the key cities across Asia Pacific, Europe and the Middle East, we keep business engagements in sight while indulging residents in elegant living and unmatched personal service. At Ascott The Residence, residents can mix business with pleasure.

Amenities Standards: Complimentary Internet connection, housekeeping, kitchenette, living area, desk with phone, TV and storage space.

Optional: Ascott Lifestyle experiences, laundry, facilities, dry-cleaning, breakfast and carpark.

Points to note Ascott The Residence is managed by The Ascott Limited and offers an international network of over 290 properties in more than 25 countries across Asia Pacific, Europe and the Middle East.

New openings Vietnam: Saigon (2016), Thailand: Bangkok (2016), China: Beijing (2016), Saudi Arabia: Riyadh (2016), India: Gurgaon (2017), China: Chongqing, Foshan, Beijing, Hangzhou, Chengdu, Nantong, Shenzhen (2017), Japan: Tokyo (2017), UAE: Dubai (2017)





BRAND PROFILE

2014/15 Brussels 1476, Budapest 42

2016 Brussels 1555, Budapest 42

Ownership BBF is owned by multiple private shareholders and investors.

Locations Brussels, Budapest.

Brands & descriptions BBF has been specialized in the rental of serviced and residential apartments since 1992.

With over 1600 flats in different top locations in Brussels and Budapest, BBF is able to offer a flexible and affordable mid to long term rental package for personal and business travelers. A wide range of studio, one, two and three-bedroom apartments are available from our portfolio. For long term accommodation, minimum stays of one year, we can offer residential non-furnished apartments where one has the choice to install own furniture and decorations. All our properties have on-site parking facilities which makes life much easier when you are here by car. Recently BBF was accredited with the ASAP Quality Label which ensures the security and quality of our properties are set according to guidelines in the serviced apartment industry.

Amenities Standard: fully equipped kitchen, bath and shower toiletries, two weekly cleaning, free wireless internet, technical support.

Optional: laundry, facilities, dry-cleaning, daily cleaning, breakfast buffet, car park and baby-kit

Points to note Wide portfolio of 1555 units = BBF market leader in Brussels. This enables us to provide affordable apartments in top locations. All buildings have an underground parking which makes life easier for residents with a car. Established in 1992 equals 23 years experience in corporate housing.

New openings Westpark Residence in Anderlecht (approx. 50 units) to be opened in July 2016.



BRAND PROFILE

2016 Locations 8, Units 1752

Ownership Capri by Fraser is part of Frasers Hospitality, headquartered in Singapore.

Locations

- Australia (Brisbane)
- Asia (Malaysia, Singapore, Vietnam)
- Europe (Germany, Spain)

Brands & descriptions Capri by Fraser combines the facilities of a smart hotel with the space and informality of a serviced residence. From the grab and go deluxe concept, iPad-activated check-in to e-concierge, seamless connectivity and the latest technology keep today's e-generation on top of their game.

Amenities

- Complimentary high-speed Internet access available in the rooms and around the property
- Fully-furnished residence with separate living, kitchen and bedroom areas
- Modern and well-equipped kitchenette
- Fully equipped gym
- Comprehensive home entertainment system
- Swimming pool
- Steam/Sauna facilities
- 24/7 security and CCTV surveillance
- 24/7 reception and concierge services
- 24/7 laundrette
- Housekeeping services
- Laundry services
- Room service

Points to note Designed to meet the lifestyle needs of a generation that is "always on" and "always connected", the world never rests as Capri by Fraser cuts through the conformity of standard hotel accommodation. Work, stay and play take on a whole new dimension with high tech social living spaces that adapt to different moods and functions, as you keep tabs with your business and leisure needs.

New openings Asia (China 2018), Germany (2017), Malaysia (2017)



2014/15 Locations 12, Units 1,200

2016 Locations 16, Units 1,800

Ownership In 1982, the Kahan family purchased Churchill, originally a furniture rental company established in 1958. From there they expanded into corporate housing. In 2014, Churchill expanded its services and was renamed to Churchill Living, offering furnished apartments, furniture rental, and travel services.

Locations • Major U.S. Markets – CA, CT, DC, DE, IL, VA, MD, MA, NY, NJ, PA, RI, and FL

• Continental U.S. coverage • Worldwide coverage in partnership with TAS alliance

Brands & descriptions Churchill Living has been providing exceptional furniture rental and furnished apartment solutions to clients and families for over 30 years. Churchill has grown to one of the largest US providers by meeting the ever-changing needs of our clients by offering unparalleled amenities and unsurpassed service.

Our Furniture Rental division supports Furniture direct rental as well as the needs of luxury housing clientele, excelling in areas of staging and design. Experienced on-staff furniture buyers hand pick pieces to highlight modern styles and current trends to build unique and stylish collections.

Our newest division, Travel Services, combines the traditional benefits of our Furnished Apartments with coordinating travel, making hotel arrangements, or car service reservations.

Amenities All Churchill Furnished Apartments are custom designed by Churchill's in house professional interior design team. Our units feature curated furniture and houseware selections seen nowhere else in the industry.

Luxury Buildings, Free Wi-Fi, Mobile App for check in and customer service. High end linens, Kitchen amenities, and Lg. Flat screen TV's in each unit.

Points to note Furnished apartment inventory allows for truly custom designed furniture and amenity packages. Full Service Furniture Rental .Travel Support for long term travellers. All supported by our in-house technology with real time data.

New openings Chicago, IL Baltimore, MD



2016 Locations over 95, Units over 15,000

Ownership Citadines Apart'hotel is managed by The Ascott Limited, a member of CapitaLand. It is the largest international serviced residence owner-operator with more than 290 properties in 100 cities across the Americas, Asia Pacific, Europe and the Middle East. It operates three award-winning brands Ascott, Citadines and Somerset.

Locations

• Asia (Singapore, Jakarta, Surabaya, Bali, Yogyakarta, Bandung, Kuching, Cyberjaya, Nusajaya, Kota Kinabalu, Penang, Shah Alam, Manila, Cebu, Bangkok, Sri Racha, Pattaya, Ho Chi Minh City, Binh Duong, Nha Trang, Beijing, Shanghai, Guangzhou, Suzhou, Xi'an, Hong Kong, Dalian, Wuhan, Hangzhou, Chengdu, Yinchuan, Tokyo, Kyoto, Seoul, Busan, Chennai, Hyderabad, Ahmedabad)
• Australia (Melbourne, Perth) • Europe (London, Paris, Cannes, Ferney-Voltaire, Grenoble, Lille, Lyon, Marseille, Montpellier, Strasbourg, Toulouse, Brussels, Berlin, Munich, Hamburg, Frankfurt, Barcelona, Tbilisi) • Middle East (Dubai, Jeddah, Muscat)

Brands & descriptions

When it comes to personalised conveniences for savvy and vibrant individuals on the go, nothing comes close to Citadines Apart'hotel. An oasis of calm in key bustling cities, residents get to decide on a range of services and amenities that best complements their lifestyle. Modern comforts, business connectivity and customised services – there is such a thing as perfect match.

Amenities Standards: Complimentary Internet connection, housekeeping, kitchenette, living area, desk with phone, TV and storage space.

Optional: Ascott Lifestyle experiences, laundry, facilities, dry-cleaning, breakfast and carpark.

Points to note Citadines Apart'hotel is managed by The Ascott Limited and offers an international network of over 290 properties in more than 25 countries across Asia Pacific, Europe and the Middle East.

New openings Philippines: Manila (2016), Vietnam: Nha Trang (2016), South Korea: Seoul (2016), India: Chennai (2016), Indonesia: Surabaya (2017), India: Ahmedabad, Hyderabad (2017), UAE: Dubai (2017), Oman: Muscat (2017)



2016 Locations 16, Units 3,066

Ownership Fraser Place is part of Frasers Hospitality, headquartered in Singapore.

Locations

- Australia (Melbourne)
- Asia (China, India, Indonesia, Korea, Singapore, Malaysia, Philippines)
- Europe (Turkey, UK)

Brands & descriptions

Fraser Place offers vibrant cosmopolitan living that enlivens, and exhilarates. Chic and stylish décor reflects the energy of the city. Recreational spaces facilitate a healthy work-play balance.

Amenities

- Complimentary high-speed Internet access available in the rooms and around the property
- Fully-furnished serviced residence with separate living, kitchen and bedroom areas
- Modern and well-equipped kitchen • Washer/dryer • Comprehensive home entertainment system
- Swimming pool • Barbecue facilities • Spa facilities • 24/7 gym • Meeting facilities
- 24/7 security and CCTV surveillance • 24/7 reception and concierge services
- Daily housekeeping services • Laundry services • Room service • Children's play area
- Baby-sitting services • Carpark

Points to note

With room layouts individually well spaced and fully equipped with appliances and a comprehensive home entertainment system, the home is complete whether you are single or with a partner, as you imbue the essence of cosmopolitan while living at Fraser Place, be in Asia or UK.

New openings India (2016), China (2019)



2016 Locations 13, Units 1,563

Ownership

Fraser Residence is part of Frasers Hospitality – headquartered in Singapore.

Locations

- Asia (China, Indonesia, Japan, Malaysia, Singapore)
- Europe (Budapest, London)
- Middle East (Dubai)

Brands & descriptions

Fraser Residence is a private sanctuary in a prime location. Contemporary and calm, the tasteful simplicity, peace and tranquillity of this ideal home away from home makes it a perfect haven that complements the lifestyles of its guests.

Amenities

- Complimentary high-speed Internet access available in the rooms and around the property
- Fully-furnished serviced residence with separate living, kitchen and bedroom areas
- Modern and well-equipped kitchen • Dishwasher/Washer/dryer
- Comprehensive home entertainment system • 24/7 gym • 24/7 security and CCTV surveillance
- 24/7 reception and concierge services • Housekeeping services • Laundry services

Points to note

With everything that matters on hand and within reach, Fraser Residence is a home to feel comfortable in if you wish to stay for the short and long term.

New openings

Dubai 2018



2016 Locations 29, Units 5,034

Ownership Fraser Suites is part of Frasers Hospitality, headquartered in Singapore.

Locations

- Australia (Perth, Sydney)
- Asia (China, India, Indonesia, Korea, Singapore, Thailand, Vietnam)
- Europe (France, Switzerland, Scotland, UK)
- Middle East & Africa (Bahrain, Nigeria, Qatar, UAE, Saudi Arabia)

Brands & descriptions

Fraser Suites provide a sense of quiet privilege. Each property enjoys a highly desirable location in a key business or entertainment district and reflects the character of the host city with touches of understated elegance and relaxed formality.

Amenities

- Complimentary high-speed Internet access available in the rooms and around the property
- Fully furnished serviced residence with separate living, dining and bedroom areas
- Modern and well-equipped kitchen • Washer/dryer • Comprehensive home entertainment system
- Swimming pool • Spa facilities • 24/7 gym • Retreat • Meeting facilities and business services
- 24/7 security and CCTV surveillance • 24/7 reception and concierge services
- Daily housekeeping services • Laundry services • Children's play area • Baby-sitting services
- Carpark

Points to note

Exclusive to Fraser Suites, The Retreat is a haven that awaits you after a hard day's work, and a great place to relax with well-provided massage facilities.

New openings China (2018), Dubai (2018), Saudi Arabia (2018), Nigeria (2018)



2014/15 Locations 25, Units 3,400

2016 Locations 27, Units 3,600

Ownership The Marriott Executive Apartments Brand is Marriott International's Five star serviced apartment brand. All apartments are managed by Marriott International, and owned by a wide range of entities.

Locations For example

- Asia (Bangkok, Beijing, Mumbai, Seoul, Jakarta, Xian, Tianjin, and Shenzhen)
- Latin America (Sao Paulo, Panama City)
- Europe (London, Brussels, Budapest & Kazakhstan)
- Middle East (Dubai, Bahrain, Riyadh)
- Africa (Addis Ababa)

Brands & descriptions

The world's only established serviced apartment brand backed by the reassurance of Marriott International, the global leader in hotels.

Marriott Executive Apartments provides primarily 1 to 3 bedroom full sized apartments for stays of a month or longer. Typical length of stay is 6 months or longer. Its combination of a completely residential and well equipped apartment + hotel services like housekeeping and 24 hour staffing + participating in the Marriott Rewards program make for a safe and luxurious stay.

Amenities Standard:

- 24 hour staff • Housekeeping 3 times / week • Full kitchen • Washer & dryer in each apartment
- On site fitness • On site resident lounge • On site convenience market • Onsite security

Points to note All the comforts of luxurious apartment living with the security of Marriott

New openings Abu Dhabi, Chongqing, Hyderabad



BRAND PROFILE

2016 Locations 5 Units 1,116

Ownership Modena by Fraser is part of Frasers Hospitality, headquartered in Singapore.

Locations

- Asia (China)

Brands & descriptions

Modena by Fraser balances form and function with an emphasis on green living and local influences. Equipped with facilities and services that support the lifestyle needs of the corporate road warrior, Modena by Fraser provides familiar home comforts in an urban setting.

Amenities

- Complimentary high-speed Internet access available in the rooms and around the property
- Fully-furnished serviced residence with separate living, kitchen and bedroom areas
- Modern and well-equipped kitchen • Dishwasher/Washer/Dryer
- Fully equipped gym • Comprehensive home entertainment system
- 24/7 security and CCTV surveillance • 24/7 reception and concierge services • Laundry services

Points to note

Engaging, refreshing and fun, Modena by Fraser provides modern comfort with complements of pleasure and indulgence. There is no need to distinguish between work, play and fun, because at Modena by Fraser, we have it all integrated into your home.

New openings Thailand 2016, China 2016



BRAND PROFILE

2014/15 Locations 12, Units 557

2016 Locations 13, Units 602

Ownership The PREMIER SUITES and PREMIER SUITES PLUS brands are owned and operated by PREM Group. Established in Dublin in 1996, PREM have over 20 years' experience in the hospitality business in over 40 properties and 3,500 bedrooms.

PREM's portfolio combines a mix of budget to 4 star, city centre to country resort.

Locations UK Locations: • Birmingham • Bristol (2 locations) • Glasgow • Liverpool • London • Manchester • Newcastle • Nottingham

Belgium: • Brussels

Ireland: • Dublin (3 locations)

Amenities

Suites have fully fitted kitchens, living rooms, bedrooms and ensuite bathrooms. Grocery delivery, restaurant delivery, 24 hour dry cleaning and express check out. Guests staying for longer than seven days will have their suite serviced weekly with fresh linen and towels supplied. All locations provide high speed Wi-Fi.

Points to note

- Central Locations
- High spec amenities
- Various apartment types available ranging from studios, 1&2bedroom suited and penthouses.
- Luxury Toiletries and Comforts
- Personal Service
- Loyalty Programme

New openings Reading opening September 2016, Rotterdam February 2017 and we aim to have 20 properties under the PREMIER SUITES brand by the end of 2017 in major European cities including Belgium and the Netherlands.



2014/15 Locations 148, Units 8,741

2016 Locations 159, Units 9,814

Ownership Quest Apartment Hotels is privately owned by Founder and Executive Chairman, Paul Constantinou and Director and General Manager of Investments, Rohan Davis.

Locations (as at 28 April 2016) • Australia (117 locations) • New Zealand (32 locations) • Fiji (1 location)

Brands & descriptions Established in Melbourne in 1988, Quest Apartment Hotels has an extensive network of properties located across Australia, New Zealand and Fiji.

The Quest business model is to establish and franchise apartment hotel properties where its clients need to be, in key commercial precincts across CBD, suburban and regional locations. Properties are managed by franchisees that follow a proven and successful business format franchise system, delivering a consistent, reliable experience across the network.

In 2015 Quest rebranded, previously known as Quest Serviced Apartments.

Amenities Standard amenities: • Fully-equipped kitchen and laundry facilities • Separate living and sleeping areas (excluding studios) • Wi-Fi access • LED Smart TVs • Separate workstations

On-request amenities: • Local restaurant chargeback • Pantry shopping • Dry cleaning

• Business administration • Multi-device charging units

Additional amenities in selected properties: • Onsite parking • Gymnasium • Alfresco barbecue area

• Conference room facilities • Swimming pool

Points to note Every property is purpose-built to deliver a superior experience. As guests have changed, so has Quest's apartment design and aesthetic, providing flexible, open-plan and intuitive living spaces. Today, Quest remains firmly committed to the needs of the extended stay corporate traveller, providing a world-class standard of accommodation established on a strong company vision.

Locations by end of 2016

- Australia (125 locations)
- New Zealand (33 locations)
- Fiji (1 location)



Residence

Inn®
Marriott

2014/15 Locations 700, Units 85,000

2016 Locations 750, Units 95,000

Ownership The Residence Inn by Marriott Brand is the third largest brand in Marriott International's portfolio. The majority of hotels are franchised. They are owned by a wide range of entities.

Locations

- US: approx 725, mostly suburban, approx 20% in downtown of major cities (e.g. 4 in Manhattan NYC)
- Canada: 21, including downtown in major cities such as Montreal, Calgary, Toronto and Vancouver
- Europe (Munich, Edinburgh, Sarajevo)
- Middle East (Kuwait City, Bahrain, Saudi Arabia)
- Latin America: Brazil, Costa Rica

Brands & descriptions

The world's first and largest extended stay hotel brand, Residence Inn provides primarily studio and one bedroom units for guests seeking staying 2 weeks on average. It's combination of a more residential hotel suite with a full kitchen + hotel services like daily housekeeping, free breakfast and wifi + all the benefits of the Marriott Rewards program. Residence Inn leads the Marriott portfolio in Guest Satisfaction, Owner & Franchise Satisfaction, and profit margin. Residence Inn's business model is legendary and has led to a 40+ year track record of success and growth.

Amenities

- 24 hour staff • Daily housekeeping • Full kitchen • Free wifi throughout hotel • On site F&B, including free hot breakfast and free evening happy hour 3 days / week (North America only) • Bar (10% of US and all outside North America) • On site fitness • Outdoor living room with Grill and fire pit • Swimming pool • On site meeting room • Pets accepted • Complementary grocery shopping service
- On site convenience market • Onsite security

Points to note

Designed for extended stay but with all the benefits of being part of the Marriott family of brands

New openings Rio de Janeiro, Miami (multiple), Seattle, San Diego downtown, Maui, Seattle, Portland, Boston (multiple)





BRAND PROFILE

2014/15 Locations 55, Units 445

2016 Locations 59, Units 458

Ownership Roomspace is the leading serviced apartment and corporate housing brand in the south east of the UK, and across the Iberian peninsula. It is the longest established corporate housing brand in the UK and is the ideal option for extended stays of more than a few weeks – month by month being the typical length of stay.

Roomspace was founded in 1995 by Charles McCrow, owner of The Apartment Service.

Locations

- UK - London City & Central (Multiple locations) West London (Multiple locations) Surrey (Multiple locations) Berkshire (Multiple locations) Wiltshire (Multiple locations) Hampshire (Multiple locations) East Sussex
- Spain - Madrid (Multiple locations) Barcelona
- Portugal - Lisbon

Brands & descriptions

Roomspace maintains over 450 high-quality fully furnished serviced apartments servicing extended stay needs for corporate and business travellers, travel management companies, HR teams, global mobility professionals, relocation management companies and project managers. Leases are flexible and include all property costs such as utilities and housekeeping services including laundry and linen changes. Property sizes typically range from 1 bedroomed apartments to two bedrooms. Apartments with three bedrooms and some studios are available in some locations. Roomspace was the first member the TAS Alliance, which has brought together the best serviced apartment providers into a true global network under a single representation, distribution and sales and marketing strategy - all powered by a common technology platform.

Amenities Weekly housekeeping and linen change, 24 Guest Telephone support, unlimited Wi-Fi, fully furnished and equipped.

Points to note Longest established and leading operator across the south east of UK

Only UK brand to open in multiple locations across the Iberian peninsula.

21 years of experience, Member of the TAS Alliance, ASAP accredited, 24 hour guest services .

New openings UK – Leatherhead, Reading (October 2015), Croydon (January 2016), Reigate (June 2016), Kew (May 2016) Spain – Madrid regions and Barcelona, Portugal – Oeiras, Lisbon and Porto



BRAND PROFILE

2016 Locations over 80, Units over 15,000

Ownership Somerset Serviced Residence is managed by The Ascott Limited, a member of CapitaLand. It is the largest international serviced residence owner-operator with more than 290 properties in 100 cities across the Americas, Asia Pacific, Europe and the Middle East. It operates three award-winning brands Ascott, Citadines and Somerset.

Locations

- Asia (Singapore, Jakarta, Surabaya, Kuala Lumpur, Petaling Jaya, Nusajaya, Miri, Manila, Bangkok, Sri Racha, Pattaya, Hanoi, Ho Chi Minh City, Hai Phong, Danang, Yangon, Vientiane, Phnom Penh, Beijing, Shanghai, Guangzhou, Suzhou, Tianjin, Xi'an, Hong Kong, Shenzhen, Dalian, Chongqing, Shenyang, Wuhan, Hangzhou, Chengdu, Wuxi, Hefei, Xiamen, Yinchuan, Changsha, Nanjing, Tokyo, Seoul, Chennai, Bangalore, Gurgaon)
- Australia (Hobart, Melbourne)
- Middle East (Al Khobar, Doha, Jeddah, Muscat, Manama City, Istanbul)

Brands & descriptions

Somerset Serviced Residence welcomes residents with homely warmth and enriches their elegant lifestyle with local experiences. Feel the pulse of major cities, the communal chic in elite estates, or get away from it all in private tranquility. Here, modern amenities, stylish spaces and attentive service come together in a perfect blend of comfort, convenience and cultural charms.

Amenities

Standards: Complimentary Internet connection, housekeeping, kitchenette, living area, desk with phone, TV and storage space.

Optional: Ascott Lifestyle experiences, laundry, facilities, dry-cleaning, breakfast and carpark.

Points to note

Somerset Serviced Residence is managed by The Ascott Limited and offers an international network of over 290 properties in more than 25 countries across Asia Pacific, Europe and the Middle East.

New openings Philippines: Manila (2016), Malaysia: Petaling Jaya (2016), Thailand: Bangkok (2016), China: Xi'an, Chongqing, Xiamen (2016), Turkey: Istanbul (2016), India: Bangalore (2016), Vietnam: Hanoi, Danang (2017), Indonesia: Jakarta (2017), Thailand: Sri Racha (2017), China: Shanghai, Shenyang, Suzhou, Wuxi, Hangzhou, Hefei (2017), Saudi Arabia: Jeddah (2017)





BRAND PROFILE

2016 Locations 13 Units 1,563

Ownership Extended Stay brand by InterContinental Hotels Group.

Locations

Americas: United States, Canada, Mexico, Brazil

EMEA: UK (5 Locations), Lebanon, Russia, Egypt, United Arab Emirates

Brands & descriptions

Offering guests a home away from home, Staybridge Suites is an apart-hotel with the services of a hotel and the space and freedom of your own apartment.

Amenities

Daily Buffet Breakfast

Free wireless internet access

Free Laundry Room

Free on site 24 hour Gym

Evening social receptions three nights per week with complimentary drinks and snacks included.

24 hour reception

On site shop

Points to note The relaxing home environment and welcoming service is independently recognised as one of the best places to stay.

New openings Manchester – January 2017



BRAND PROFILE

2014/15 Locations 7, Units 899

2016 Locations 9, Units 1,497

Ownership Staycity is a privately owned company founded by Tom and Ger Walsh who remain the major shareholders.

Locations

As at end March 2016 Staycity locations are as follows:

Dublin (179 apartments) Edinburgh (146) Manchester (84) Liverpool (56)

Birmingham Arcadian Centre (79) Birmingham Newhall Square (170)

London Heathrow (269) London Greenwich (161) Paris (50)

Brands & descriptions

Staycity aparthotels offer a wide range of studio, one, two and three bedroom apartments.

Amenities

All properties have a 24-hour reception with fully equipped kitchens or kitchenettes and dining area, sitting area and bathroom. Additional features include complimentary Wi-Fi access, flat-screen TV and guest laundry facilities, while weekly housekeeping is also included. Most sites have private car parking facilities while latest openings, such as London Heathrow and Birmingham Newhall Square have café, lounge, restaurant facilities and a fitness room.

Points to note

Staycity was founded by Dublin-based Tom Walsh and his brother Ger, starting with one apartment in Dublin. In March 2015 the company obtained £18m-worth of funding from Swedish investment firm Proventus Capital Partners to fund its European expansion. Staycity has a development pipeline taking it to 3,500 apartments by the end of 2017 and over 10,000 by the end of 2020. The company's strong trading saw turnover rise 22% for 2015 to €39m. Last year Staycity appointed former Whitbread MD Patrick Dempsey as a non-executive board director.

New openings In 2016 Staycity will open in: Marseille (108) York (190) In 2017 Staycity will open in: Lyon (144) London Covent Garden (106) Manchester (182)



BRAND PROFILE

2014/15 Locations 1, Units 30

2016 Locations 1, Units 35

Ownership Privately owned by founders with minority shareholding held by founder/chairman of Bespoke Hotels Ltd.

Locations

Europe (Birmingham)

Brands & descriptions

Staying Cool is an innovative and stylish serviced apartment brand aimed at the design conscious and independently-minded traveller.

Amenities Standard:

- Free fibre optic broadband • Sky TV • Daily maid service • Fully-fitted kitchens
- In-room washing machine • Complimentary organic and locally sourced supplies
- Oranges for the juicer • 24/7 reception • Concierge service
- Nearby parking • Gym 100m • Award-winning guest relations team

Points to note

With apartments on levels 16-20, guests love the floor-to-ceiling windows that open fully with magnificent views over the city. Rated 4* and 5* by both Visit England and ASAP, each apartment is wedge-shaped and equipped to the highest standards.

New openings Development deals for a number of new UK openings in the pipeline.



BRAND PROFILE

2014/14 Locations 278, Units 28,000

2016 Locations 325, Units 34,000

Ownership

The TownePlace Suites by Marriott Brand is part of the Marriott International portfolio. The majority of hotels are franchised. They are owned by a wide range of entities.

Locations

Primarily Suburban

- 270 US • 8 Canada

Brands & descriptions

Marriott's mid tier extended stay hotel brand, TownePlace Suites provides primarily studio and one bedroom units for guests seeking staying 2 weeks on average.

For the Upbeat Realist who wants to make the best of a long trip, TownePlace Suites is the reliable extended stay hotel that helps them stay productive and upbeat, with personal touches and FUN details that give them a sense of calm and comfort.

TPS helps guests remove the stress of long stays while staying productive through an authentic and supportive team.

Amenities

- 24 hour staff • Daily housekeeping • Full kitchen • Free wifi throughout hotel • Free breakfast daily
- On site fitness • On site meeting room • Pets accepted • Swimming pool
- On site convenience market • Onsite security

Points to note

• Suites w/ full kitchens and living area • Enhanced organization and productivity with the home office and elfa closets from The Container Store • Free build your own HOT breakfast • Local Know-How featuring the TowneMap with guest and staff recommendations and local snacks in The Market

• Outdoor grilling experience by Weber featuring a certified "Grill Master" at every property

• Fun & Spunky service • Part of Marriott Rewards

New openings Throughout US and Canada





VISIONAPARTMENTS

BRAND PROFILE

2014/15 Locations 7, Units 1,000

2016 Locations 8, Units 1,040

Ownership Privately owned company.

Locations

- Europe (Berlin, Lausanne, Mallorca, Munich, Vienna, Warsaw, Zurich)
- Worldwide (growing network based on official serviced apartment partnerships)

Brands & descriptions

Established in Switzerland in 1999, specialises in developing and renting premium furnished apartments with service and style. The company has grown quickly from a start-up to become a European market leader, currently offering over 1,000 tailor-made temporary living solutions in Berlin, Lausanne, Munich, Warsaw, Vienna and Zurich, and will soon open locations in Geneva, Vevey and Frankfurt. The company is gradually expanding domestically and internationally, focusing primarily on German-speaking countries. To emphasise its global presence, VISIONAPARTMENTS also cooperates with selected partner companies in the serviced apartment sector. visionapartments.com

Amenities

Standard: weekly cleaning, end cleaning, fresh towel service twice a week, free WiFi, TV, utility costs all included.

Optional: laundry service, limousine service, speedy WiFi, additional furniture or devices, daily cleaning etc.

Points to note Focus on architecture and design. Buildings mostly developed, fully owned and operated by VISIONAPARTMENTS. On the way to become a global player

New openings Geneva, Switzerland (2016) Vevey, Switzerland (2017) Frankfurt, Germany (2017)



BRAND PROFILE

2016 Locations 1, Units 133

Ownership Zoku was developed by Hans Meyer, co-founder of citizenM Hotels, and Marc Jongerius, former partner of a mid-sized private equity buy-out fund. The holding company Zoku and Beyond BV is backed by three Dutch family offices.

Locations

The first Zoku opened in Amsterdam in June 2016. From there, it will grow to a global network for the travelling professional with a generation Y mentality.

Brands & descriptions

Zoku is a re-invented apartment hotel brand facilitating global living and working. A place you can call a second home, even on your first visit. Zoku creates a new category in the hotel industry: a hybrid between a home and an office with the services of a hotel topped with the social buzz of a thriving neighborhood. Zoku is suitable for people who live and work in a city for a period of between five days and three months. Zoku offers the travelling professional a global nomad's home base through their smart Zoku Loft and social spaces to work, sleep, play and live in.

Amenities

Social Spaces: Living Room, Bar, Living Kitchen, Private Dining, The (Almost) Everything Store, Game Room, Music Corner, Communal Working Spaces, Rooftop Terrace and Garden, Locker Room, Launderette, Meeting Rooms and Event Space.

Zoku Lofts: Adaptable for living and working, large kitchen table, sleeping area with king size bed which can be screened off, free & fast internet, comfortable sofa, fully equipped kitchen, changeable art, flat screen TV, office amenities, smart bathroom.

Points to note Drastically reduces required GFA/room by combining hybrid-living (living and working) with spacious micro-living in the same space. Encourages social connections with cool social areas and connects locals and internationals.

New openings Zoku's ambition is to grow to a global chain within the next decade. Recently, Zoku has won two great sites in Paris (competition "Reinventer Paris"). Other targeted cities include large international, creative hubs such as London, Paris, Barcelona, Vienna, and Berlin.



List of charts and tables used in this report

Figure 1	Serviced apartment adoption by corporates
Figure 2	Serviced apartment usage by corporates
Figure 3	Obstacles to greater corporate use
Figure 4	What corporates want from a serviced apartment
Figure 5	Serviced apartment regional totals by locations
Figure 6	Serviced apartment regional totals by units
Figure 7	Serviced apartment totals by locations – 2011 to 2016
Figure 8	Serviced apartment regional totals by units – 2011 to 2016
Figure 9	Percentage of serviced apartments bookable online
Figure 10	Booking channels
Figure 11	Global code of conduct & operator compliance certification
Figure 12	Online reputation for properties listed in Airbnb & Trip Advisor
Figure 13	Top 15 global suppliers
Figure 14	Global providers
Figure 15	Comparison of leading serviced apartment brands' products
Figure 16	US digital travel sales by device, 2014 - 2019
Figure 17	Source of bookings as a % of all bookings
Figure 18	Social media by numbers
Figure 19	Top 10 serviced apartment brands by Global Review Index
Figure 20	Top countries by overall outbound trips and spend
Figure 21	Currency conversion calculation
Figure 22	Business travel in Africa; CAGR 2014 to 2019
Figure 23	Principal operators in Africa
Figure 24	City rates analysis – Africa
Figure 25	Principal operators in Asia
Figure 26	City rates analysis – Asia
Figure 27	Principal operators in Australasia
Figure 28	City rates analysis – Australasia
Figure 29	Principal operators in LATAM
Figure 30	City rates analysis – LATAM
Figure 31	Principal operators in Europe
Figure 32	City rates analysis – Europe
Figure 33	Serviced apartments KPIs, full year 2015
Figure 34	GCC serviced apartments demand segmentation 2015
Figure 35	GCC existing supply 2015
Figure 36	Number of keys and share of international branded supply 2015
Figure 37	Online rating – Guest Experience Index (GEI) for serviced apartments by city
Figure 38	Principal operators in Middle East
Figure 39	City rates analysis – Middle East
Figure 40	Estimated US corporate housing unit supply
Figure 41	US corporate housing occupancy trend
Figure 42	Trip purpose – US corporate housing
Figure 43	Canadian corporate housing average rate
Figure 44	Trip purpose – Canadian corporate housing
Figure 45	Principal operators in the Americas and Canada
Figure 46	City rates analysis USA and Canada

THE
**APARTMENT
SERVICE**
WORLDWIDE

One agency, 7 global offices



New York London Lisbon Madrid Barcelona Frankfurt Singapore

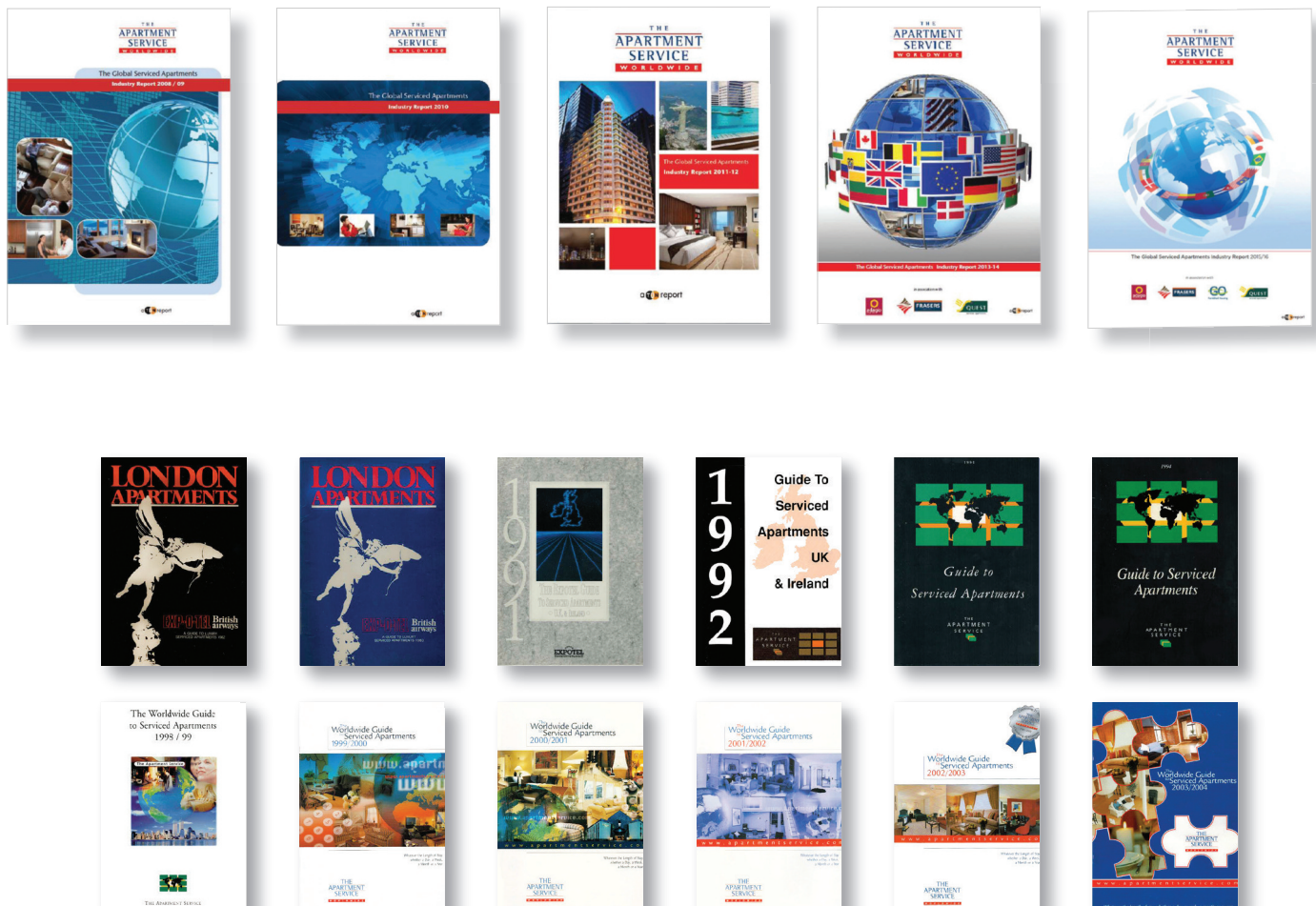
The Apartment Service is perfectly placed to provide the most comprehensive, connected, serviced apartment programmes across the globe

We are renowned for successfully handling some of the most challenging accommodation needs, in order to understand how we can help handle yours, contact our experienced teams in any of our seven offices, we are ready to take your call

+44 (0) 20 8944 3612 info@apartmentservice.com

www.apartmentservice.com

The leading reference guides for serviced apartment buyers, suppliers and agents



Sharing our knowledge since 1981

THE
APARTMENT
SERVICE
WORLDWIDE