GSAIR

# THE GLOBAL SERVICED APARTMENT

INDUSTRY REPORT

2023

## AMERICAS

Ariosi

PUBLICATION

Travel Intelligence Network

IN ASSOCIATION WITH

OASIS COLLECTIONS

ROOM SPACE

forenom

SKYSIDE International

# Global Serviced Apartment Industry Report – Americas 2023

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**Oasis & Oasis Collections, Skyside International, Forenom, Roomspace, res:harmonics, Staycity Aparthotels, Wilde Aparthotels by Staycity, Charles Hope, Appart'City and SilverDoor**

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**Report Methodology**
GSAIR Americas 2023 has been responsibly compiled by undertaking extensive research using primary sources including conducting interviews and curating and collecting self-written pieces from contributors both in and closely aligned to the serviced apartment sector. For this edition we have focussed on primary sources, with secondary sources kept to a minimum. Where secondary sources are used, information sources are fully attributed.

# Contents





# Welcome and Introduction

**At GSAIR HQ focus now turns to the Americas, in the first regional publication for North America and LATAM.**

**By Sacha Sandhar**
Head of Insights, Ariosi

We have again sought collaboration from respected friends and colleagues in and allied to the serviced apartment industry to share their experience on the key GSAIR[1] topics.

In the feature article, Sheryll Young illustrates how to embed DE&I across the end to end experience of selecting, booking and completing a stay. A real life example of DE&I in the industry is provided by Yanina Nuñez and Brenda Albornoz of Hoihou – a female owned and led temporary housing business covering Latin America.

The Blueground story of growth through tech-based hospitality is shared by Co-founder and CEO Alex Chatzieleftheriou. Misty Gregarek shares the key destinations in North America for National Corporate Housing, and we dig into the performance of extended stay in comparison with traditional hotels in the US with Mark Skinner of The Highland Group. Fernando Knapp of SilverDoor gives us the lowdown on supply in the US and Ben Subedar of AptsLATAM maps out the landscape, challenges and opportunities for Latin America.

Back at SilverDoor, Stephen Homsey picks up the compliance baton for the Americas and gives an overview of comparative legislation in each market. And finally, in their 20th year of business, Rossana DiFilippo (US) and Martin Decker (LATAM) of Oasis and Oasis Collections share their experiences on the industry in 2023.

We hope you enjoy this next publication in the GSAIR regional series.



1. Global Serviced Apartment Industry Report 2023

# Editorial team

**Sacha Sandhar**
**Head of Insights**
Ariosi

A qualified accountant, Sacha joined SilverDoor in 2019 in Quality Assurance, within the Partner Relationships department, after several years of working in finance across a number of different commercial analysis roles. He then became International Expansion Manager before progressing to Head of Insights upon the inception of Ariosi Group Limited. Sacha travels extensively for both business and leisure. He speaks fluent German, Punjabi, Hindi, Urdu, and Spanish.

**Mark Harris**
**Supporting Editor**

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



# Acknowledgments

We would like to thank the GSAIR Americas contributors for their time and invaluable support! They are:

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Senior Manager
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# DE&I : At the heart of guest experience...

**Sheryll Young, former Chair of the Inclusion, Diversity and Equity in Action taskforce at the Worldwide ERC tells us why DE&I is so central to providing the best guest experience possible to your business travellers and assignees...**

**By Sheryll Young**
Senior Manager, Global Mobility Services - Vialto Partners

As the demand for inclusive guest experiences grows – for serviced accommodation and temporary stay property owners and operators - it is no longer enough to simply provide shelter. Instead, the focus has shifted towards transforming accommodations into homes by prioritising design and guest engagement strategies that cater to people's needs and desires.[2] This means fostering a sense of belonging that evokes a welcoming and secure atmosphere for all guests, whether they are staying for business or leisure, making everyone feel valued and respected. In delivering the personalised guest experience, serviced accommodation owners and operators play a crucial role in building authentic relationships and delivering on memorable guest experiences.

To fully grasp the intricacies of implementing Diversity, Equity, and Inclusion (DE&I) practices in the corporate housing industry, it is crucial to have a thorough understanding of the systemic complexities within the service operator/owner business model. This type of housing provides temporary stays in furnished apartments, condominiums, and single-family homes, which are typically part of larger property portfolios managed by professional operators or property developers. The corporate housing providers operate as insured businesses under tenant-landlord leases.[3] In addition to consistently meeting financial obligations, such as rent payments to property owners, these providers must also adhere to multiple state, provincial, and national regulations. These include compliance with zoning laws, health and safety codes, community lease restrictions like minimum stays, and various local ordinances that may impact the use of shared areas or concierge services on the property. Embedding DE&I principles into their operations is both intricate and essential; it requires not only a comprehensive knowledge of relevant regulations but also a deep respect for diverse communities in which they own / operate. Property owners and operators must balance the needs and expectations of both owners and guests while striving to improve their guests' experience and foster trust, loyalty, and a sense of inclusion in alignment with diversity and equity values.

Serviced apartment owners and operators must fully embrace DE&I principles within their organisational culture and ESG strategy. Incorporating guest feedback into corporate policies and governance methods demonstrates a strong commitment to inclusivity and upholding societal standards of fairness, accessibility, and equal treatment. The five defining elements of the guest experience - attention to detail, exceptional service, hospitable staff, comfort, and uniqueness – are key components of social responsibility.[4] Additionally, comprehensive employee training programs that deeply instil inclusivity demonstrate a dedication to the development of employees and human centric practice in guest experiences. It is essential to also consider unintentional exclusions based on national, local, or state laws such as the American with Disabilities Act (ADA) and Accessible Canada Act (Bill C-81), alongside the United Nations Convention on the Rights of Persons with Disabilities. These and similar regulatory frameworks ensure ethical and compliant practices – all vital to delivering barrier free experience, are a way of working rather than just a concept.[5]

[2] (Institute, 2023)
[3] (The Value of Corporate Housing, 2023)
[4] (Turning A Serviced Apartment Stay into an experience, 2023)
[5] (Wheelchair Friendliness versus Compliance in the Hospitality Industry, Volume 7, No 3)

Reimagining the guest journey as an inclusive experience requires a personalised and diverse approach. In today's dynamic society, the aim is to cultivate instances that are intentionally inclusive. Inclusion encompasses various dimensions from physical accessibility to social and emotional acceptance. It entails creating a welcoming space where people of all backgrounds, abilities, cultures, religion, genders, and sexual orientations do not encounter any form of discrimination or exclusion.

## To truly embrace this vision, serviced apartment owners / operators can take two pivotal steps to make a genuine difference:

**Conduct an accessibility audit:** evaluate property inventories; guests' physical or digital accessibility touch points to determine compliance and opportunities for improvement. Prioritise improvements based on severity and impact. This study evaluates current practices and determines barriers or challenges that persons with disabilities (visible, cognitive, or other) may face from the time of booking to the time of departure.

**Establish DE&I partnerships for continuity**: ensuring coherence in applying inclusion values across the value chain can present difficulties, especially in areas where oversight of subcontractors is scarce. Collaborate with specialised training institutions to develop or host training programs, track, and assess the effectiveness of these programs at various properties to gain valuable feedback on their influence on guest satisfaction. Utilise this feedback to strengthen governance models and better integrate practical applications of DE&I principles throughout the service owner / operator eco-system.

The commitment to DE&I in the realm of serviced accommodation and temporary stay properties extends beyond just words. The service of cultivating an atmosphere of inclusivity not only meets societal expectations, but it also enhances the guest experience as well. In addition to strengthening a brand, operations embedding core DE&I values reinforces the commitment to delivering exceptional guest experiences that embrace the diverse fabric of society.

**"DE&I is at the heart of exceptional guest experiences. By respecting differences, ensuring barrier free journeys, and practicing inclusive leadership, we can create welcoming spaces where every guest feels valued. Inclusivity is not a checkbox – it is the secret to creating unforgettable moments."**

**DE&I: incorporating it into the customer journey to improve the guest experience.**

### Stage 1: Booking

**Touchpoints**

- Website / app
- Customer support (if needed)
- Service owner or operator communication

**Pain points**

- Confusing website navigation or instructions
- Difficulty in finding suitable dates or unit(s)
- Booking process glitches

Emotions: Excitement / anticipation

### Stage 2: Pre-Arrival

**Touchpoints**

- Booking confirmation email
- Pre-arrival information email(s)

**Pain points**

- Lack of clear instructions
- Delayed or missing confirmation email
- Uncertainty about the check-in process

Emotions: Assured / ready

### Stage 3: Arrival

**Touchpoints**

- Arrival at the property
- Concierge or self check in kiosk

**Pain points**

- Long wait time for check-in
- Confusing directions to the property
- Issues with keys or access cards

Emotions: Excitement / frustration

### Inclusion in practice

Touch points across the traveler journey, where inclusion or lack of inclusive practices may be overlooked:

If staff are not trained to assist guests with diverse needs, the experience becomes fragmented, it can engender feelings of bias or prejudice, and hinder a truly inclusive booking or check-in process

Consider traveler perceptions and / emotions. On arrival, the location may not be familiar to them, they may be frustrated after a delayed flight, etc., Are the locations secure, well-lit, and what does the experience feel like in scenarios where travelers are asked to pick-up access/ room keys off property

Can guests with mobility or cognitive challenges book with assurance using digital accessibility features or communication methods?

### Stage 4: In stay Experience

**Touchpoints**

- Amenities and furnishings
- Housekeeping

**Pain points**

- Cleanliness issues
- Delayed service requests
- Disruptions due to maintenance or other

Emotions: Relaxed / comforted

### Stage 5: Checkout

**Touchpoints**

- Check out instructions
- Returning keys or access cards

**Pain points**

- Lack of clear check out instructions
- Disagreement overdeposit deductions (if applicable)
- Delayed check out process

Emotions: Content / nostalgic

### Stage 6: Post Departure

**Touchpoints**

- Feedback survey or email
- Post stay communication

**Pain points**

- Overwhelming feedback surveys
- No acknowledgement of feedback
- Unsatisfactory dispute resolution

Emotions: Reflection / feedback

### Inclusion in practice

A lack of accessibility features in the unit / on property (e.g.: grab bars, adaptable furniture for guests with disabilities, widened doorways, assistive audio in common areas or in room,) can be an inclusion barrier

Guests who may be neurodiverse – may not enjoy housekeeping if their objects or items are moved around while in-stay

### Opportunities

Diversity Audit and training across your properties:

Seek to better understand guests' needs and expectations for a more inclusive experience. Review with booking team(s) any special requests or considerations.

Develop ongoing feedback mechanisms to enhance staff awareness of the diverse guest profiles across your properties. Integrate and validate inclusion principles through staff and guest feedback.

Strike the balance of keeping guests informed throughout their journey without sensory overload. Ensuring they are aware of touchpoints and what is required of them will make them feel more assured of the consideration and treatment they will receive at your properties.

*Please consider this illustration with your deeper understanding of your typical guest journey and how to bring inclusion to the forefront at your properties.*

# Hoihou – the female led serviced apartment business

## Question and Answer

**With Yanina Nuñez and Brenda Albornoz**
Co-Founders of Hoihou
*Pronounced 'Hoy-ho'*

### Brenda and Yanina, please tell us about yourselves briefly and your career history prior to the establishment of Hoihou?

**Brenda:** I studied Hospitality in La Suisse Cepec University and started my professional career 16 years ago in hospitality at Hyatt hotels. I worked in Buenos Aires, Argentina, and after a few years moved to the Hyatt Regency in Auckland. My experiences there included several positions in training, events, reservations and the commercial team. I achieved many goals for the company which also aligned with career milestones that I had envisaged for myself. My experience in the hospitality industry brought me, years later, to consider a related career pivot and in 2011 I started work in the relocation industry assisting companies all over the world. 8 year later, I decided to start a personal project and alongside Yanina, I launched Hoihou Corporate Housing.

**Yanina:** I have a degree in Tourism and an MBA in Strategic Management from Palermo University. After a long career in the tourism industry where I held various relevant positions in wholesalers and in airline companies, I assumed the role of General Manager – Argentina at Copa Airlines. During my leadership, I oversaw the opening of several new routes like Montevideo in Uruguay and Asunción in Paraguay and in Argentina: Córdoba, Rosario and Mendoza to Panama and Conexions. That was an incredibly fulfilling role as my personal growth was matched by that of the company as we expanded from 14 weekly flights to 49. In 2016, I was honoured to be recognised as "Woman to Watch" and this has given me the opportunity to speak in several conventions, forums and events on women in leadership.

### And where did your company name come from?

**Yanina:** That is a very good question and when we started to think about our company, we wanted something different. We wanted a name that had a relevant meaning. It's a Hawaiian word that means to come back home and that's all that we want to provide to our guests...for them to really feel at home. It's not a slogan. That's the experience we want all our guests to have.

### What inspired you to set up a serviced apartment business?

**Yanina:** Brenda had been working in the relocation industry for several years developing relationships with partners and suppliers. I was negotiating a change in my professional career and with the expertise of the corporate housing business and the knowledge of strategic management and the corporate world, we decided that together we could build a strong and sustainable company providing excellent service to clients and suppliers.

**Brenda:** In the LATAM region there is a limited number of reliable companies dedicated to corporate housing. We identified this gap and committed ourselves to providing a solution for this. Our professional journey has enabled us to do that, sourcing the best options available in the region. It is vital that Hoihou is seen to provide a consistent service in all the areas it covers. Our brand identity is based on reliability.

We started the company in 2019 in Argentina, but quickly we were able to deliver a portfolio in more than 15 countries in Latin America.

### Is there anything about being female owned and run which makes your product different to other operators?

**Yanina:** We think that being women helps us to understand the full breadth of the details that make the difference in the customer journey, to negotiate different solutions, to achieve diversity, to appreciate all different kinds of client needs, particularly when it comes to finding family friendly solutions. Often in global mobility you're not just accommodating an assignee but an entire family.

**"We think that being women helps us... particularly when it comes to finding family friendly solutions. Often in global mobility you're not just accommodating an assignee but an entire family."**

### Have you had to face any challenges specifically due to the fact that you are women?

**Yanina:** Even today, the world is not uniformly prepared for equality. A minority percentage of leadership positions are occupied by women in LATAM. This is because of several reasons... firstly, even today the perception exists in Latin America, that men are more prepared to apply themselves and work hard in positions of responsibility. This leads to there being a lot of women avoiding the risk of assuming leadership roles, because they have been told that they cannot or just don't think that they can combine their professional and personal lives.

There is still some work to be done to ensure equality of opportunity for the upcoming generations, irrespective of their gender.

**Brenda:** And yes, we have been through several situations where men evaluate whether we are "reliable businesswomen" or not. Fortunately, our own history, personality, and expertise has shown that our success is just the beginning for Hoihou in the corporate housing industry.

### What's your top tip for other women looking to start a mobility business?

Our tip to start a new business is a phrase: "trace your goals and never give up, despite the obstacles".

### Finally, could you name one LATAM destination which you see emerging as key over the next few years and why?

**Yanina:** The greatest growing markets in LATAM are in Brazil, Chile and Argentina. An interesting growth market is Uruguay, where the establishment of free tax zones is attracting significant inward corporate investment. We see this as a significant growth market even though it's a very small country. It presents a huge opportunity and we have been working in Uruguay for several years. Hoihou provide approximately 70% of the corporate housing in Uruguay.

# Hospitality Tech

## Question and Answer

**With Alex Chatzieleftheriou**
Chief Executive Officer
Blueground

### Alex, please could you illustrate your initial work and life experience prior to the establishment of Blueground?

I grew up near Athens, Greece. As a kid I enjoyed competitive games and I like to believe I was always forward-thinking and eager to apply my penchant for strategy games to problem-solving opportunities in the real world.

After graduating from college, I was eager to kick off my growth trajectory in a way that would offer ample learning and impact, and I landed atop the consulting world. I was fortunate to spend 6 years working as a strategy consultant for McKinsey & Company, in between also completing my MBA in INSEAD. Amidst the consulting environment I had access to an array of challenging projects and a culture that thrives on ongoing mentorship and feedback. After years of learning to tackle clients' problems across a cross-section of sectors, I was ready to dig deeper operationally into the inner workings of an organisation. This meant moving from an advisory role to an in-house role. This took me to Seoul, Korea where I got to work across the strategy department at the Global HQ of Samsung. While it was great to be on the front-line of such a large organisation, it gave me an itch to start conceptualising how I could start to build something of my own. Low and behold, the wheels started turning for a 'Blueground' to come!

### What inspired you to found Blueground? Was there a particular hospitality problem you were looking to solve or a gap in the market which you identified?

Living out of hotels in 12 different cities as a consultant and seeing the difficulties in renting high quality furnished apartments led me to co-found Blueground in 2013.

There were a few significant experiences that I noticed at the time:

- It was nearly impossible to find a fully-furnished apartment ready when I needed it and for the duration of time, I needed it for.
- Renting a fully-furnished apartment was tedious and time-consuming. It involved a manual process - with endless administration and multiple involved parties without technology enablement. It also came with inflexible terms and predominantly unfurnished apartments.
- I also recognised the significant expense my company was investing for me, and others, to stay in hotels for months at a time. And quite simply, I never felt really at home staying in hotels over apartments.

I founded Blueground to address this unmet need for high-quality furnished stays of one month or more. Blueground makes renting easy through a completely tech-enabled search and booking process and under flexible contract terms. Now renters can book high quality homes where they want, when they want, and on the terms they want.

### Many proptech businesses have harnessed Artificial Intelligence to automate repetitive tasks. How does Blueground use AI/Machine Learning?

Blueground has integrated AI/ML across various aspects of its operations, resulting in enhanced efficiency, improved predictive ability and optimised customer experiences.

For instance, Blueground has leveraged AI/ML in identifying patterns in customer feedback for quality improvement purposes, in predicting revenue and profitability of our apartments, and in detecting accounts with risk of churning. We also leverage AI/ML to analyse large data sets in order to find patterns and ensure data alignment. Furthermore, AI contributes to increased productivity for our Engineering teams by acting as a coding co-pilot. In Blueground's communications, generative AI aids in improving written communication for non-native English speakers. It plays a crucial role in generating personalised property descriptions at scale with a goal of making it appealing to prospective tenants. We also leverage AI for image processing, video tours, and 3D rendering following specific criteria.

AI chatbots will soon be playing a more vital role in customer support, and sales use cases to handle basic customer inquiries and support. This will increase our response speed and will enable the freeing up of human resources for more complex and strategic tasks. AI-powered lead scoring will prioritise leads, allowing sales representatives to focus on the most promising prospects, thus increasing conversion rates.

Overall, in the future, we expect AI to further enable Blueground to make data-driven decisions more efficiently, enhancing operational efficiency and customer experience.

### How do Blueground support their guests empathetically whilst keeping guest services costs lean?

We combine both tech and people centric solutions, to deliver a seamless guest experience that effectively balances cost with benefit. Our proprietary CRM tool along with our Blueground app chat allow us to automate a lot of the first level interactions before they even reach an agent.

The Blueground app has user-friendly functionalities that allow easy access to the most frequently used features and amenities, such as "Where is the garbage disposal room?" or "How can I access the gym?". If our guests don't find the information they need via our app, they can easily start a chat and connect with a real human being.

It's important that guests can choose to self-serve or speak to an agent - our preference is to give them a solution as seamlessly and effortlessly as possible.

In addition, we work with stellar outsourced partners for agent support, dedicating time to train and develop them to meet our Blueground standards of working. This enables us to deliver always-on support with the most savings, continuously strengthened and improved with a regular reassessment of processes and principles.

**"It's important that guests can choose to self-serve or speak to an agent - our preference is to give them a solution as seamlessly and effortlessly as possible."**

Photo: Blueground.

# Key destinations and rates

**Misty Gregarek is President and COO of National Corporate Housing. She shares with us the key destinations they are currently experiencing exceptional demand for and the outlook for the future.**

## North America
**By Misty Gregarek**

### Most booked corporate destinations and market segmentation

In 2023, the corporate housing sector sees diverse booking destinations that mirror distinct business travel purposes. In analysing National Corporate Housing distribution YTD, we are seeing the following:

1. The most striking aspect of this distribution is the dominance of global travel, accounting for 42% of the total revenue. This suggests that companies are increasingly looking beyond domestic borders to secure business opportunities, fostering global expansion and international partnerships.

2. Relocation, at 24%, is the second-largest segment of corporate housing demand. As companies expand or restructure, this highlights the importance of employee mobility and the critical role that corporate housing plays in supporting these transitions.

3. A catch-all of the remaining business, we see international, local and miscellaneous needs being met. This includes various types of corporate travel, such as internal meetings, training, and conferences. It represents the backbone of corporate operations, where in-person collaboration and communication are essential for productivity and knowledge sharing.

Understanding and adapting to these trends is crucial for businesses in today's interconnected world.

When it comes to key corporate destinations in North America, the East Coast takes the lead, commanding a 34% share of interest, with a particular focus on Washington, D.C., and New York City. Following closely, the Midwest emerges as the second most sought-after region at 23%, with Illinois (especially Chicago) and Minneapolis driving the appeal. The Southern and Western regions of the United States complete the landscape, each accounting for 16% and 15% of the corporate destination preference, respectively.


Photo: Blueground.

### Key user industries

Temporary accommodations in North America have become an essential and adaptable sector within both the real estate and hospitality industries. This prominence is due to its diverse demand driven by various industries and circumstances. Evolving to cater to diverse demands and unique needs from various industries, including tourism, education, healthcare, construction, disaster relief, government/military, entertainment/events, seasonal workers, sports, and relocation.

The adaptability of the temporary accommodations sector is a testament to its ability to meet the specific needs of these industries. It plays a vital role in facilitating smooth transitions, supporting business operations, and ensuring the comfort and convenience of individuals during their temporary stays.

### Traveller preferences

Our guests have maintained consistent preferences over the years when it comes to their accommodation. We offer a diverse range of options to cater to their needs, which has proven effective in meeting their expectations. For instance, solo travellers or couples often opt for studio apartments, while small families favour one or two-bedroom units. For extended families, we provide larger apartments, ensuring that everyone's needs are accommodated.

Our guests value spacious living areas and fully equipped kitchens, complete with modern appliances and cookware. These amenities enhance their overall experience and allow them to feel at home even when away.

Our commitment to guest satisfaction extends to a variety of additional amenities. These include high-speed Wi-Fi, fitness facilities, laundry services, pet-friendly policies, ample parking, outdoor spaces, and robust safety and security measures. However, the most significant shift we've observed lately is the growing preference for smart home technology and a strong emphasis on environmental sustainability.

In response to the evolving needs of intern programs, we've adapted as well. We've transitioned from double occupancy per room to single occupancy, providing our interns with greater comfort and an improved experience. After a year that saw many intern programs shift towards individual occupancy apartments, such as studios and one-bedroom units, we're now seeing a trend towards shared living arrangements. This adjustment allows us to meet the unique demands of intern groups, providing them with flexible and comfortable options for their stay.

### Popular accommodation models

Apartments remain the top choice for accommodations, with hotels or single-family homes being occasional alternatives. However, we are also equipped to accommodate various other options as the customer requests, including hotels, vacation rentals, tiny homes, and mobile trailers as needed.

### Average annual pricing

Annual pricing for temporary accommodation is subject to considerable variations, influenced by factors like the location, accommodation type, length of stay, and the extent of amenities and services offered. In our efforts to deliver exceptional service, we engage in effective competition within our target markets, striving to strike a harmonious balance between competitive pricing and service quality.

Notably, 2022 witnessed the most significant price increases, and this trend continued into the first half of 2023. However, we are now observing a gradual easing in the overall trend of multifamily renewal increases and rates.

### Future outlook

Forecasting the precise growth of temporary accommodations in North America, especially in the post-pandemic context, is a complex task riddled with variables and uncertainties. Notably, the resurgence of previously off-shored manufacturing activities has injected fresh vigour into the industry. Simultaneously, we are observing a surge in employer-driven return-to-office initiatives and a shift in employment models, coupled with labour strikes and increased employee engagement.

This level of unpredictability presents challenges for organisations as they navigate a landscape marked by low unemployment rates, surging demands, and the looming spectre of a possible recession. Despite these complexities, we maintain an optimistic outlook for the future. We adopt an agile "pivot-as-needed" mindset, allowing us to adapt to the evolving landscape while maintaining an upward trajectory for our demand curve. This adaptability serves as our compass to navigate the uncharted waters of the evolving corporate accommodation landscape.

**"…guests value spacious living areas and fully equipped kitchens, complete with modern appliances and cookware. These amenities enhance their overall experience and allow them to feel at home even when away."**

# Serviced apartment supply

**Analysing the supply trends experienced by SilverDoor, Fernando Knapp, Partner Account Manager illustrates the comparative growth in the number of serviced apartments in some key destinations in both North and Latin America...**

## North America

### By Fernando Knapp

We've seen corporate housing rates across America and Canada begin to stabilise over summer 2023 and are forecast to continue level from now until the end of the year. New York's rates, whilst still the highest on our system in the region, do seem to have stabilised – reducing by 19% since November 2022.

Rates in Toronto have remained largely unchanged over the past 12 months, they also only experienced a marginal 6% rise from July to September.

Chicago has experienced more dynamic rates recently with a 40% spike in July, perhaps linked with the city's current high real estate prices compared to the rest of the country.

We are seeing less volatility in bookings in 2023 compared to 2022. In 2022 we saw seasonal travel trends start to return and the era of "revenge travel". Rates rocketed. Cities started seeing the return of Summer Interns.

The impact of this in terms of supply is that most providers have increased their inventory from 2022 levels, and many have recouped inventory they may have shed during the pandemic and are enjoying a return to pre pandemic days. There's been no shortage of financial and geopolitical uncertainty, and this has resulted in a squeeze on travel budgets. Some companies have shifted their priorities for accommodation, some internships moved to remote, and some were cancelled, yet the volume of bookings has increased year over year. However, as budgets continue to be squeezed, and travel and mobility managers are asked to do more with less, we expect that the mid-scale segment will continue to increase in popularity.

After NYC, we've seen Toronto, Seattle, Mexico City and Chicago as 2-5 of our top 5. Demand for each of these cities has been on the climb since 2021. Austin has traditionally been a hot destination; however, demand from SilverDoor clients is down. Property costs are high and if prices don't plateau, I feel companies are going to seek new destinations.

Nashville may be one to keep your eye on in the near future. This is up and coming as a hot destination. While the demand remains fairly consistent and not as high as the top performers, Nashville's real estate inventory is up (170.5% according to RE/MAX), cost of living is 4.6% below the national average, and we have seen the supply of corporate housing increasing over the past few years. We also expect to see an increase in supply in Florida, Texas, Colorado, and Arizona; we're seeing healthy growth in relocations to these states particularly.

As cost steers corporate decision-making, the sustainability of a given property is an increasingly important factor in the decision-making process – at a corporate level at least. Buyers are increasingly interested in understanding green credentials, weighing up the environmental impact of their accommodation choices, and seeking reporting and analytics solutions to benchmark the impact of their travel choices. Ultimately, though, actual buying decisions at the booker level are still coming down to which option is most cost effective rather than greenest.

By expanding our own <30-day minimum stay inventory in several cities, we have seen a 14% increase in bookings for stays under 30 days. While this short stay market grows in some areas, other cities are working harder than ever to limit short-term rentals. Over the years, several cities have implemented legislation that tightens rules around short-term rentals.

The theory is that short-term rentals are driving up the cost of housing in major cities, so cities such as New York have implemented strict local laws to limit their operation. I expect this will have limited impact for stays of 30+ days but will compel operators with hotel licenses to increase rates due to a sudden reduction in supply with sustained levels of demand. It may be worthwhile for travellers and bookers to consider making the most out of their travel and look at longer stays with lower rates.



# Key destinations, rates and supply

**AptsLATAM were established in 2008, to provide serviced apartments and temporary housing across Latin America with coverage in such diverse locations as Mexico City and Patagonia. Ben Subedar, Founder and CEO shares the breadth of their experience to detail the supply landscape in LATAM...**

## Latin America

### By Ben Subedar

### The Latin American market

Continues its rebound with volumes around 80% of 2019 levels as business returns to the region. There is robust volume in traditional hot spots like Mexico City, Santiago de Chile, São Paulo and Panama City where demand is perennially strong. Other previously popular locations, including Lima and Buenos Aires, are still lagging but are expected to catch up by Q1/Q2 2024 alongside return to office policies which many multinationals have started to adopt. Signs of green shoots are also evident in booking levels in previously less well trod countries like El Salvador, Dominican Republic and Suriname, and there are signs of early interest in Venezuela and Guyana on the back of new oil and gas discoveries and the loosening of US sanctions. Secondary and tertiary cities offer significant commercial potential for both clients and operators as larger markets have seen demand decentralised. Mexico and Brazil have an ever-expanding footprint spread across 30 and 40 cities respectively including Guadalajara, Monterrey, Santiago de Querétaro, and São José dos Campos to name but a few, with manufacturing a key driver in these outlying areas.

### The US – a key trade partner

The US remains responsible for the majority of moves into the region and is a key trade partner for many LATAM countries who are hoping to benefit from US policies of nearshoring and especially important is a shared time zone. There is also significant growth potential as Latin America has the ability and resources to support the transition to clean energy through critical mineral mining (copper, lithium, graphite, nickel), especially important to the American EV battery sector, factors which point towards a positive forecast for LATAM as demand will continue to ramp up.

### Regional rates

LATAM rates in the most part offer great value to travel bookers especially when compared to other regional Average Daily Rates (ADRs), with modern well-equipped units in central locations available for $80-150 USD / night, additional savings can be secured for group moves especially into secondary cities. However, rates continue to be affected by seasonal volatility particularly prevalent in certain destinations, Puerto Rico during US Spring Break, Mexico City for the Formula 1 weekend which coincides with the popular Day of the Dead festival and most Brazilian cities during the annual Carnival season, making it complicated to secure stable rates year-round. The volatility in local currencies against the dollar has also affected rates and been a cause for concern with corporate bookers. Over the past 12 months, currencies like the Brazilian Real, the Mexican Peso, the Chilean Peso, the Argentine Peso, and the Colombian Peso have all experienced severe fluctuations that create uncertainty when setting prices, which has particular relevancy when it comes to maintaining rates for periods exceeding 6 months.

### Tourism plays an important part in driving post pandemic business

Tourism into LATAM drove the post pandemic demand and continues to take the lead over corporate bookings. Leisure business is fuelled by mass distribution through OTAs on short term rental platforms (Airbnb, Despegar and Booking.com are the most widely used marketplaces). As a result, securing availability can be challenging in certain locations for mid and long-term stays (30+ nights), especially when combined with other factors including urban planning restrictions on new developments, and the tendency of travel bookers to only seek accommodation in known and popular city neighbourhoods. However, some local operators are showing signs of pushback from operating on a purely leisure basis, as they wish to develop or return to more stable corporate bookings with the inherent benefits; the offer of longer stays, less rotations and less disturbance to the residential communities where they are located. The spectre of increased legislation restricting short term rentals is also moving some operators to consider alternative options; the ultimate swing towards increased corporate bookings will depend heavily on whether they can represent not just a cost saving, but also get close to parity with the nightly leisure tariff and achieve the required occupation rates to ensure operator profitability.

### Popular temporary living models in the LATAM market

Supply inventory continues to increase in step with demand, although there have been substantial changes within it. New construction includes projects originally destined for office space which have been repurposed to aparthotel designs. The renovation of older buildings are popular models for constructors and operators. Also prevalent are co-living and micro-living concepts and it is not uncommon for 2 bed units to be formed of a combination of 2 one bed units, not dissimilar to adjoining hotel rooms. In general, new build units are significantly smaller than those traditionally intended for corporate accommodation and are designed to appeal to hotel clientele which open up the possibility of attracting shorter-term corporate requests. Bookers are able to choose between newly constructed buildings with appealing communal amenities like state-of-the-art gyms, on-site coworking, and expansive roof top terraces, or renovated units which tend to be more spacious. They are also better located and offer a more home-from-home style experience with in-suite laundry and on-site parking. They can however lack some communal services like elevators and 24-hour receptions. Ultimately all new supply will add more choice, increase availability and help to make rates more competitive and corporate travel budgets go further.

### Length of stay

Stay length has increased broadly in-line with global corporate travel trends as executives may travel less but will stay longer. Subsequently, many guests are travelling with their partners and pets. This has made the extended stay product more appealing than traditional hotel accommodation. An emphasis on extra space, in-suite amenities (in-suite laundry, high speed dedicated internet, adequate living space and private outdoor areas) is set alongside looser restrictions around visitors, family members and animals on the premises.

### Duty of care

Duty of care has always been important in the region and is certainly top of mind for most travel bookers. Care should be taken to analyse the exact neighbourhoods being booked. Newly constructed buildings may be aesthetically appealing but could be located in less well-known neighbourhoods further from popular areas. They can be lacking in basic local services like grocery stores and restaurants that guests can walk to at which point transport becomes a necessity. This will then add to the overall trip cost. Travel bookers should lean on their knowledgeable local partners, direct operators and agencies, as they are able to interact in the local language, understand the culture and curate a list of suitable options to ensure guest welfare is not compromised, expectations are carefully managed and they will be responsive if service issues occur.

### Sustainability

The journey towards sustainability has begun and already features heavily on regional conference agendas aiming to educate local operators on this increasingly important topic. Consensus around standardised measures, certification and full adoption will take time, so travel bookers will need to be patient as sustainability data may be initially scant or subject to greenwashing.

### Opportunities aplenty for corporate pioneers

LATAM offers considerable opportunities and not just to early adopters and firms with a pioneering spirit, as was the case a few years ago. Bookers now have a maturing supply chain to work with as operators continue to become more professional, and a handful of agencies are available to help navigate more complex mobility programmes and needs.

**“Travel bookers should lean in on their knowledgeable local partners, direct operators and agencies, as they are able to interact in the local language, understand the culture and curate a list of suitable options to ensure guest welfare is not compromised...”**



# Alternative Models: US Extended Stay Hotels v Hotels

**Hotel investment advisors, The Highland Group, share with us the RevPAR, ADR and occupancy they see, comparing traditional hotels to the extended stay part of the sector in the US, with a clear performance advantage for the latter. Mark Skinner gives us the numbers...**

Last year the correlation between performance of extended-stay hotels[6] and the overall hotel industry resumed its long-term trend which has continued through the first half of 2023. Total extended-stay hotel average daily rate (ADR) and RevPAR have been increasing faster than the overall hotel industry at a small expense in occupancy. However, extended-stay hotels' occupancy premium above all hotels remained within its long-term average range. Economy and mid-price extended-stay hotels are outperforming corresponding classes of all hotels, but due to slower ADR growth, upscale extended-stay hotels are a couple of points behind all upscale class hotels.

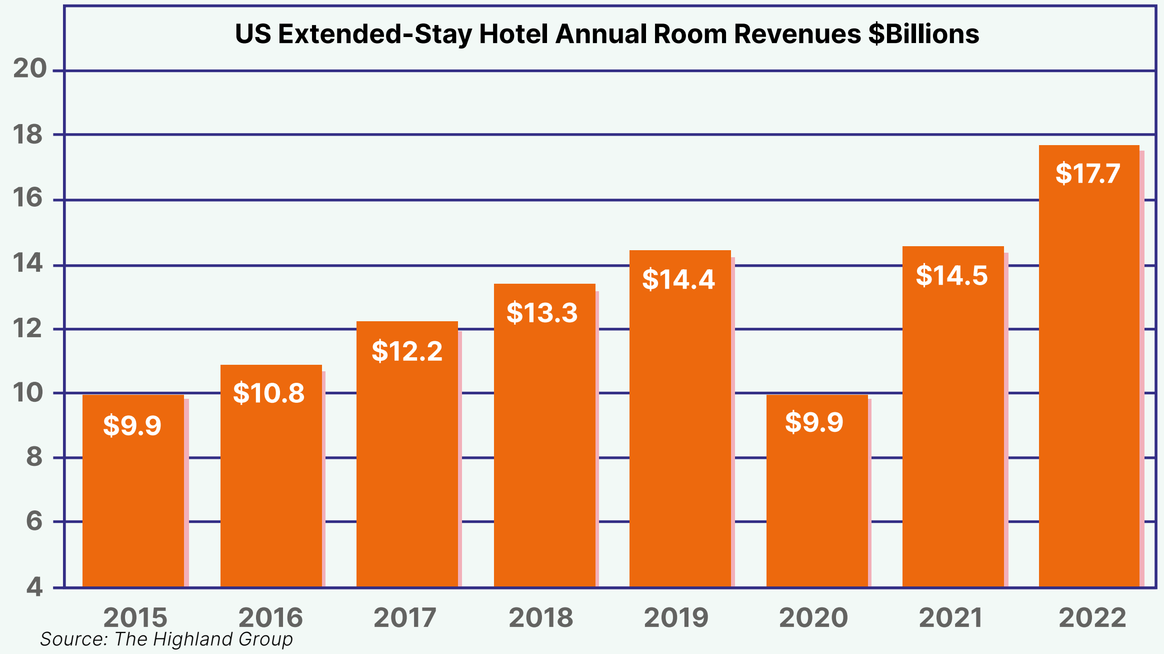
Extended-stay rooms reported under construction gained 3% over the last year. However, they are markedly lower than the pre-pandemic period and recent annual extended-stay hotel supply growth is among the lowest ever recorded. The last time extended-stay hotel supply growth declined to recent levels was between 2010 and 2014 when supply increases were 3% or lower for four years. Extended-stay supply growth has been 3% or lower for only five consecutive quarters, indicating several more are ahead. Coupled with a near nationwide stagnant residential market, which is not likely to be resolved during the near term, and the expected boost to demand from the massive infrastructure bill, the foreseeable outlook for extended-stay hotels remains particularly good. Much, however, will depend on the performance of the overall hotel industry.


Photo: Oasis. Unwind at Cityline, Dallas.

[6] The Highland Group: "In the USA, an extended-stay hotel is a hotel which has a kitchenette in the guest rooms, accepts reservations and does not require a lease."

## 2022

Extended-stay hotels more than recovered pandemic-related revenue losses within one year and increased room revenues $3.2 billion in 2022. Excluding the recovery in 2021, this was the largest annual gain in room revenues over the last 25 years.



*Source: The Highland Group*

After posting its highest occupancy in 16 years in 2021 and outperforming all segments of the hotel industry over two years, economy extended-stay occupancy declined 2.6% in 2022. However, total extended-stay occupancy rose to within about one percentage point of its level from 2017 to 2019.

**US Extended Stay Hotel Average Occupancy**

| Segment | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | Change 21/22 |
|---|---|---|---|---|---|---|---|---|---|
| Economy | 78.0% | 76.5% | 76.8% | 78.1% | 75.7% | 73.4% | 79.8% | 77.7% | -2.6% |
| Mid-Price | 73.1% | 72.9% | 73.4% | 73.6% | 74.3% | 63.3% | 73.5% | 74.9% | 1.9% |
| Upscale | 78.6% | 78.2% | 78.7% | 78.6% | 78.4% | 55.1% | 71.8% | 74.9% | 4.3% |
| Total | 76.3% | 75.8% | 76.3% | 76.5% | 76.2% | 61.8% | 73.9% | 75.4% | 2.0% |

*Source: The Highland Group*

All extended-stay segments reported record high nominal ADR in 2022 and the 17.3% annual increase in total extended-stay ADR was the largest ever reported.

**US Extended-Stay Hotel Average Rate**

| Segment | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | Change 21/22 |
|---|---|---|---|---|---|---|---|---|---|
| Economy | $39.08 | $40.93 | $43.78 | $45.94 | $47.00 | $45.90 | $50.95 | $56.49 | 10.9% |
| Mid-Price | $77.61 | $81.49 | $85.09 | $88.16 | $88.98 | $77.50 | $89.46 | $104.93 | 17.3% |
| Upscale | $134.31 | $137.79 | $140.30 | $142.66 | $143.12 | $118.80 | $126.94 | $148.55 | 17.0% |
| Total | $92.65 | $96.52 | $100.27 | $103.14 | $104.11 | $85.59 | $96.92 | $113.70 | 17.3% |

*Source: The Highland Group*

Although leading RevPAR growth in 2022, upscale was the only extended-stay segment not to restore RevPAR back to its previous annual high. This was largely due to a relatively high concentration of rooms in urban locations which were slower to recover pandemic-related revenue losses.

**US Extended-Stay Hotel RevPAR**

| Segment | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | Change 21/22 |
|---|---|---|---|---|---|---|---|---|---|
| Economy | $30.49 | $31.30 | $33.64 | $35.86 | $35.59 | $33.69 | $40.67 | $43.91 | 8.0% |
| Mid-Price | $56.72 | $59.40 | $62.48 | $64.91 | $66.08 | $49.04 | $65.73 | $78.57 | 19.5% |
| Upscale | $105.59 | $107.77 | $110.39 | $112.17 | $112.15 | $65.45 | $91.14 | $111.22 | 22.0% |
| Total | $70.73 | $73.16 | $76.48 | $78.95 | $79.36 | $52.90 | $71.65 | $85.71 | 19.6% |

*Source: The Highland Group*

## 2023

All extended-stay segments reported record high nominal room revenues through the first half of 2023.

**US Extended-Stay Room Revenues (millions) Year to Date Through June**

| Segment | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | Change 22/23 |
|---|---|---|---|---|---|---|---|---|---|
| Economy | $472.2 | $512.9 | $566.7 | $598.5 | $564.6 | $689.8 | $809.5 | $822.8 | 1.6% |
| Mid-Price | $1,640.2 | $1,827.8 | $2,090.2 | $2,325.3 | $1,671.5 | $2,361.8 | $3,200.3 | $3,480.8 | 8.8% |
| Upscale | $3,162.1 | $3,488.2 | $3,860.1 | $4,044.4 | $2,450.1 | $3,319.0 | $4,470.2 | $4,942.3 | 10.6% |
| Total | $5,274.5 | $5,828.9 | $6,517.0 | $6,968.2 | $4,686.2 | $6,370.6 | $8,480.0 | $9,246.0 | 9.0% |

*Source: The Highland Group*

The 1.7% net change in rooms open over the last year was the same as the previous 12 months. Supply growth is well below the 6.4% average annual gain reported over the four years leading up to the pandemic.

**US Extended-Stay Room Supply: Mid-Year 2023**

| Segment | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | Change 22/23 |
|---|---|---|---|---|---|---|---|---|---|
| Economy | 84,249 | 87,172 | 88,178 | 93,832 | 95,655 | 99,798 | 101,528 | 105,311 | 3.7% |
| Mid-Price | 154,568 | 166,530 | 180,426 | 193,489 | 192,397 | 225,449 | 228,957 | 236,146 | 3.1% |
| Upscale | 162,605 | 176,775 | 191,273 | 201,466 | 204,322 | 225,899 | 230,166 | 228,887 | -0.6% |
| Total | 401,423 | 430,476 | 459,877 | 488,787 | 492,374 | 551,146 | 560,651 | 570,345 | 1.7% |

*Source: The Highland Group*

Economy extended-stay occupancy has continued to decline in 2023 following essentially record high levels over the past two years. However, it remains 19 percentage points higher than all economy hotels according to STR/CoStar and compared to all economy hotels the decline has been markedly lower. The fall in occupancy is also evident in the mid-price segment, in which lower price brands have struggled to maintain occupancy following record gains in ADR over the last two years.

**US Extended-Stay Hotel Occupancy: Year to Date Through June**

| Segment | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | Change 22/23 |
|---|---|---|---|---|---|---|---|---|---|
| Economy | 76.6% | 75.8% | 78.0% | 76.3% | 72.5% | 79.1% | 78.6% | 75.0% | -4.5% |
| Mid-Price | 72.6% | 73.1% | 73.4% | 74.6% | 59.9% | 71.2% | 74.7% | 74.6% | -0.2% |
| Upscale | 78.3% | 78.3% | 78.9% | 77.8% | 50.9% | 69.6% | 73.7% | 75.4% | 2.3% |
| Total | 75.7% | 75.8% | 76.5% | 76.2% | 58.6% | 72.0% | 75.0% | 75.0% | 0.0% |

*Source: The Highland Group*

Consistent with the overall hotel industry, extended-stay hotel ADR growth is inversely correlated to price segment with upscale extended-stay hotels leading. Despite slower growth in ADR for more than two years, economy segment extended-stay hotels still have the highest ADR index compared to the corresponding period in 2019 as the segment incurred much lower ADR reductions during 2020.

**US Extended-Stay Hotel Average Rate: Year to Date Through June**

| Segment | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | Change 22/23 |
|---|---|---|---|---|---|---|---|---|---|
| Economy | $40.33 | $43.05 | $45.74 | $46.80 | $45.36 | $48.67 | $56.08 | $58.24 | 3.9% |
| Mid-Price | $80.86 | $83.56 | $88.17 | $89.42 | $78.31 | $81.28 | $103.06 | $108.94 | 5.7% |
| Upscale | $137.56 | $140.08 | $142.75 | $143.56 | $129.32 | $117.22 | $144.81 | $156.94 | 8.4% |
| Total | $95.94 | $99.32 | $103.22 | $104.06 | $88.86 | $89.04 | $111.06 | $119.19 | 7.3% |

*Source: The Highland Group*

With by far the strongest RevPAR growth over the last year, upscale extended-stay hotels have more than fully restored RevPAR back to its Q2 and year to date nominal values in 2019. Largely because of a relatively high concentration of rooms in urban locations, upscale extended-stay hotels lagged the recovery and remain well below lower priced extended-stay hotels in terms of all recovery indices.

**US Extended-Stay Hotel RevPAR: Year to Date Through June**

| Segment | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | Change 22/23 |
|---|---|---|---|---|---|---|---|---|---|
| Economy | $30.90 | $32.63 | $35.68 | $35.69 | $32.88 | $38.51 | $44.06 | $43.70 | -0.8% |
| Mid-Price | $58.72 | $61.12 | $64.68 | $66.66 | $46.89 | $57.91 | $77.00 | $81.25 | 5.5% |
| Upscale | $107.66 | $109.66 | $112.61 | $111.72 | $65.86 | $81.56 | $106.73 | $118.29 | 10.8% |
| Total | $72.67 | $75.28 | $79.02 | $79.32 | $52.06 | $64.09 | $83.29 | $89.38 | 7.3% |

*Source: The Highland Group*

There were 30,104 extended-stay hotel rooms reported under construction at the end of the second quarter 2023. Economy segment rooms under construction have been very steady for three years. The mid-price segment reported a significant uptick in rooms under construction over the last 12 months, in which upscale extended-stay rooms under construction fell and were less than half of their total at mid-year two years ago. At mid-year 2023, rooms under construction totalled 5% of rooms open which was the same as one year ago and a decline from 8% at mid-year 2021. Supply growth forecasts through 2027 are low compared to most of the last several years.

**US Extended-Stay Hotel Rooms Under Construction: Mid-Year**

| Segment | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | Change 22/23 |
|---|---|---|---|---|---|---|---|---|---|
| Economy | 2,121 | 3,575 | 2,380 | 2,767 | 2,445 | 4,612 | 4,612 | 4,614 | 0.0% |
| Mid-Price | 16,926 | 22,140 | 26,189 | 25,326 | 28,477 | 19,006 | 14,741 | 16,312 | 10.7% |
| Upscale | 21,776 | 24,004 | 25,323 | 19,928 | 22,419 | 20,933 | 9,933 | 9,178 | -7.6% |
| Total | 40,823 | 49,719 | 53,892 | 48,021 | 53,341 | 44,551 | 29,286 | 30,104 | 2.8% |

*Source: The Highland Group*

**Projected US Extended-Stay Hotel Room Supply**

| Segment | Mid-2023 | 2027 | CAG (1) |
|---|---|---|---|
| Economy | 105,311 | 123,791 | 3.7% |
| Mid-Price | 236,146 | 319,060 | 6.9% |
| Upscale | 228,887 | 260,337 | 2.9% |
| Total | 570,345 | 703,189 | 4.8% |

*Note: (1) Compound Annual Growth Mid 2023 - 2027*
*Source: The Highland Group*

# Licensing and compliance

**Regional Head of Americas at SilverDoor, Stephen Homsey shares his observations on the contrasting compliance framework across North and Latin America.**

## The US

The US based Short-Term Rental (STR) operators watch with anticipation as New York City starts to enforce its new STR rental rules.[7] Will this set standards for other cities? How will this impact corporate housing?

Long has been the day since we started to see cities in the US crack down on STRs. Cities like Atlanta, Boston, Los Angeles, Austin, Washington DC, and San Francisco, among others, have implemented different variations of legislation, licensing, taxation, and enforcement. In fact, Airbnb states that 80% of their top 200 geographies have regulatory framework around short-term rentals. This is also not New York City's first go around of STR regulations.

**2011:** NYS Multiple Dwelling Law

**2022:** Short-Term Rental Registration Law (Local Law 18)

**2023:** Revised Local Law 18

It is likely the new rules will impact rates and availability for hotels and hotel operators in NYC as privately owned supply will reduce and leisure/vacation demand overflow will be seeking alternate options. This will make business travel for less than 30 days a bit trickier for employers as budgets may not be sufficient and/or inventory may not be available in the desired locations. For travel that is 30+ days in length, it is expected to have little impact.

San Francisco has gone a step (or two) further and has created regulation for Intermediate Length Occupancy (ILO), a unit rented for less than a year but for a duration greater than 30 consecutive days. The city has even put a cap on the number of ILO units limiting them to 1,000 ILO Dwelling units.[8]

It would not be surprising for other US cities to follow suit if NYC sees success with the revised rules, however, San Francisco leads the pack on strictness.

## Canada

The regulations do not stop at the borders.

Canadian cities just like their neighbour to the south are seeing cities like Toronto, Ontario, Vancouver, amongst others, creating regulations and frameworks for STRs. In Toronto, operators who want to rent on a short-term basis (28 consecutive days or less) have to collect and remit a 6% Municipal Accommodation Tax and be registered with the city.[9] Ontario caps the number of nights a year an entire home can be rented for as short-term to 180 nights per year among other record keeping requirements and the like. Quebec has taken the approach of penalising platforms with fines up $100,000 for listing properties that do not have registration numbers and certificate expiration dates.[10]

## Latin America

The LATAM region has seen several cities push to restrict STRs as well. The Mexico City Mayor implemented a 3% lodging tax on bookings to be paid by Airbnb in 2017. The mayor has also announced her aim to regulate STRs like other cities around the world, London and Barcelona as a couple of examples.[11]

Panama City has made it illegal to rent a short-term rental for less than 45 days. It is also quite tough to establish a hotel operator license in Panama City.

[7] https://www.nyc.gov/assets/specialenforcement/downloads/pdfs/FINAL-RULES-GOVERNING-REGISTRATION-AND-REQUIREMENTS-FOR-SHORT-TERM-RENTALS.pdf

[8] https://sfplanning.org/project/intermediate-length-occupancy-ilo-dwelling-units#controls

[9] https://www.toronto.ca/community-people/housing-shelter/short-term-rentals/#:~:text=Short%2Dterm%20rental%20operators%20are,(MAT)%20on%20all%20rentals [7] https://sfplanning.org/project/intermediate-length-occupancy-ilo-dwelling-units#controls

[10] https://montreal.ctvnews.ca/quebec-s-new-rules-for-airbnb-come-into-force-on-sept-1-1.6524680#:~:text=In%20addition%20to%20requiring%20that,fines%20of%20up%20to%20%2420%2C000

[11] https://www.hostyapp.com/airbnb-regulation-in-mexico-city/

In Colombia, generally, renting for less than 30 days is illegal. Additionally, certain cities in Colombia have established specific tax structures for STRs and can require additional insurances.[12]

But what good are these regulations if they can't be enforced?! Benjamin Subedar, CEO/Founder of AptsLATAM, says the issue lies with the inability to enforce the regulations in many of the LATAM markets. It can be costly and a toll on government resources to overcome the initial efforts to enforce what previously wasn't regulated. Speaking with Benjamin, you can understand the situation. In Colombia, there are many loopholes for units to be operated as STRs. For example, a building whose bylaws permit STRs can proceed to operate. Or, how developers can construct a condo building and have applied for licenses for each unit. They can then sell those licenses with the units. There are many STR operators who also try their luck and operate illegally. However, with limited funding and resources, they face limited risk.[13]

Regulations on STRs will largely impact travel that is for less than 30-days. Hotel and hotel operator rates in those markets will increase and availability will decrease as a large portion of the under 30-day inventory will have been removed. However, everything that is 30 days or more will see less impact.

Clearly, if more cities follow the path of San Francisco there will be a different story to tell.

These regulations greatly impact the individual operators that have one or a few private rentals that tend to be on the STR booking platforms. This is an inventory that I don't believe corporate clients should be booked into anyways. There is minimal control of the product with increased risk for health and safety and less ability to provide a consistent high-quality product. We at SilverDoor will not book our clients into a property unless we know that the operator meets or exceeds our standards of quality, health and safety, and sustainability. We have carefully cultivated our extensive supply chain with partnerships that we trust will treat our clients with the same care we would.

[12] https://partner.booking.com/en-gb/help/legal-security/policies-local-laws/laws-and-regulations-short-term-rentals-south-america

[13] Interview with Ben Subedar, AptsLATAM: https://aptslatam.com/

# Market perspectives – US v Latin America

**Question and Answer with Rossana from Oasis Corporate Housing and Martin from Oasis Collections, who provide temporary lodging for diverse corporate clients, to hear their perspectives on the challenges facing the industry 15 years on from their establishment.**

**With Rossana DiFilippo and Martin Decker**
Vice President of National Accounts and
Vice President of Operations and Strategy

### What is driving demand for corporate housing in the US and Latin America?

**Rossana:** In the US corporate housing market, relocation volumes were high in 2022, but have levelled off in 2023. This was due to intentional efforts by the world's central banks to slow global demand. All industries experienced inflation in 2022 due to demand out pacing supply.

In an effort to combat that inflation, the banks increased interest rates in order to slow global demand and allow supply to catch up and dampen inflation.

This has proven effective and has allowed increasing prices within our sector to slow down as well. For example in the technology sector, the increase in layoffs by major tech companies proactively reduced cost as the federal government worked to create an intentional slowdown of the overall economy. Now that interest rates increases have been slowed down we are starting to see a gradual return to pre-pandemic growth rates.

**Martin**: Having a portfolio across 6 countries in Latin America, we see a few different factors that are causing an increase in demand for corporate housing. The most relevant are:

1. Some destinations are relaxing their government policies on taxes and providing some benefits to attract new international companies to operate in their countries.

2. Exchange rates/Currency. For most of the countries in LATAM, exchange and currency play a significant role for companies. This makes inward investment cheaper.

3. The combination of the above two factors and good talent resources at the local level, companies are increasingly considering opening their subsidiaries in LATAM countries.

4. Most of our destinations combine B2B and B2C, for example Buenos Aires and Mexico City have a good mix of cultural and business activities, that are attractive to employees enabling them to combine work with extra-curricular life.

### What are the most popular destinations vs growing destinations, and why?

**Rossana:** We have high volume in Georgia, Texas, North Carolina, and Washington State. We have units everywhere, but the market changes every year. Some of them are internship programs, co-op programs and assignment business. Georgia volume has been significantly higher than the other states, but who is to say it will not be California next year? It will all depend on our clients and their needs.

**Martin:** For Latin America, we have two popular destinations on the corporate side. Mexico City and São Paulo (both cities are part of the biggest cities in the world) where international companies have presence in there and volume is high. Some years ago, Buenos Aires had been on the podium too.

Today, we are seeing Panama City and Santiago de Chile as growing destinations on the corporate demand side. Panama being a small city, with a population of no more than 1 million, demand from corporates and expats are influential on the market. Retail companies and laboratories are moving their headquarters from other cities to Panama.

Photo: Oasis, Urban Roma, Mexico City.

### Are you seeing a greater focus on comfort and functionality within corporate housing stock?

**Rossana:** People request a desk chair and lamp because some have hybrid work positions, but other than convenience, our clients' needs have not changed that much.

Rates have levelled off, but in certain markets rents have increased. In some areas, there are limits to the percentage of corporate leases allowed, including corporate housing within a property. Typically, that has been 1.5% to 2.5% of units within a property, depending on the different management companies and the rules they have in place. In 2023, the percentage has decreased to 1%-2%, therefore decreasing the number of available units for corporate leasing within a community.

During the pandemic, several corporate housing providers walked away from their lease obligations. Many property management companies are still accommodating corporate leases but have decreased the number of corporate leases in an effort to reduce their risk.

**Martin:** Absolutely. It is becoming increasingly important in corporate housing. Technology is a big part of comfort and functionality for our guests. We are constantly trying to add value around comfort and functionality. From hassle-free doors to apps with information about the units or instructions on how to do a self-check in. We are fans of the culture of "clutter free spaces" - Less is more!

### Who is driving sustainability in your regions; tenants, operators or investors?

**Rossana:** In the US, sustainability is not dominating as much as it is in other global markets. We have not seen a mandatory requirement but expect this to eventually change. Naturally, where green properties are available, we highlight this to our clients so they can make their choice, but we do not omit the other options based on that criteria.

We have not had any clients that have only specified properties with high energy efficiency. We do see some communities with car charging stations, but there has not been an uptick on that other than in specific markets. Generally, operators will follow that trend but there is nothing mandatory in the US as of yet.

**Martin:** All three! Tenants are expressing a strong preference for sustainable and eco-friendly buildings. Property management and real estate companies are actively engaging in sustainability efforts. They are implementing eco-friendly practices, such as energy-efficient lighting, water-saving technologies, and waste reduction measures.

### How is Oasis incorporating technology into its corporate housing solutions?

**Rossana:** Our technology is called Metis and is used internally but is also available to clients to use and manage their programs. Each Metis referred partner receives requests based on where they have properties. When there is a request, our suppliers in that area will receive it. Partners receive and respond to requests through the system. This technology is then utilized through our operations team for ordering furniture, setting up utilities, and providing notice to vacate. Our Accounting team also utilises Metis to pay properties and vendors associated with the setup of the unit. Our clients and partners can run their own reports. Everything is integrated into this technology on every level at this point. New features are being added almost weekly by our Metis Team.

**Martin:** As part of our internal and external process we try to automate as much as possible whilst maintaining some degree of flex for each customer. Internally, we use 3 different systems that allow us to have a better tool for processing and generating efficiencies, creating ownership of the task that employees are responsible for.

Externally, we try to help our guests and maximise their time with some technology. In this way, we use electronic keys where we don't need to be in front of the guest for a check in process or we share an app where the guest can find all the information related to the apartment and stay.

# Glossary of terms

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

| | |
|---|---|
| **3D:** | Three-dimensional. |
| **ADR:** | Average Daily Rate. |
| **Agent:** | Used more generally to describe an intermediary, either individual or company, booking travel or accommodation on behalf of another party. |
| **AI:** | Artificial Intelligence. |
| **Aparthotel:** | Fully furnished and equipped apartments, which include hotel services such as manned reception and cleaning. Typically used for shorter stays and suitable for business and leisure use. |
| **B2B:** | Business to business. |
| **B2B2C:** | Business to business to consumer. |
| **B2C:** | Business to consumer. |
| **Business travel:** | A journey specifically taken for work purposes, usually but not always up to seven days. Business travel excludes daily commuting, leisure trips or holidays. |
| **Coliving:** | Coliving refers to accommodation where multiple unrelated people can live together. Units usually contain large communal spaces as well as private bedrooms. Developments often feature social areas and programmes designed to foster a sense of community. |
| **Corporate housing:** | Residential apartments, packaged up to include servicing and bills, typically bookable for a minimum of 30 nights, either let and maintained by the operator on an ongoing basis or rented specifically for a particular housing requirement and length of time, after which they are handed back to the owner. Corporate housing is also the term used in the US to describe serviced apartments. |
| **CRM:** | Customer Relationship Management. |
| **DE&I:** | Diversity, Equity and Inclusion. |

| | |
|---|---|
| **Extended stay hotel:** | Temporary accommodation, with a kitchenette, and an alternative to a hotel room. May also be referred to as an Aparthotel. |
| **ESG:** | Environmental, Social, and Governance. |
| **GSAIR:** | Global Serviced Apartment Industry Report. |
| **Home Stay:** | Generic term for products like Airbnb, Onefinestay, or home rental. |
| **ILO:** | Intermediate Length Occupancy. |
| **INSEAD:** | Institut Européen d'Administration des Affaires. |
| **LATAM:** | Latin America. |
| **ML:** | Machine Learning. |
| **Occupancy:** | Percentage of occupied bedrooms / apartments during a set period. |
| **OTA:** | Online Travel Agent (e.g., Expedia, Booking.com). |
| **Proptech:** | Property technology describes the use of technology to transact real estate. It may be used to manage, buy, sell or even research property assets. |
| **Relocation:** | Relocation (also referred to as Relo), involves permanently moving an employee, and family, to another city or country. |
| **RevPAR:** | Revenue per available room. |
| **STR:** | Short Term Rental. |
| **UK:** | United Kingdom. |
| **US:** | United States of America. |
| **YTD:** | Year to date. |

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10

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