



GSAIR
**THE GLOBAL
SERVICED
APARTMENT**
INDUSTRY REPORT

2023

APAC



Ariosi

PUBLICATION



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Global Serviced Apartment Industry Report – APAC 2023

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Report Methodology

GSAIR APAC 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	Page 05
Editorial team and Acknowledgments	Page 06
Special feature	
Buyer preferences and channels by Darren Jeacock, EY	Page 08
Market perspectives	
APAC in summary	Page 10
Alternative accommodation models	Page 12
Spotlight on India	Page 15
Sustainability	
Integrating culture with modern ESG initiatives	Page 17
People and regulation focus	
The talent landscape in temporary living & global mobility	Page 19
Serviced apartment regulation and legislation in APAC	Page 22
Glossary of terms	Page 25

Welcome and Introduction

At GSAIR HQ we finish 2023 with focus shifting to the Asia Pacific region.



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By Joanna Cross
Chief Operating Officer, Ariosi

Our final publication might be the last in the GSAIR series for 2023, but we’re going out in style, with expert commentary from a collection of valued and respected industry friends and professionals.

In our APAC special feature, Darren Jeacock shares with us serviced apartment perspectives from EY and what the year ahead looks like on their side of the fence.

We then shift to a selection of market perspectives; firstly, Jacqueline Ang gives the Synergy Global Housing snapshot on what’s driving and influencing the sector in APAC; secondly, Sophie Brinsley of SilverDoor touches on what alternatives models look like in APAC, a region known for turning bold ideas into reality; and finally, Amitdeep Kohli of Enkay Condominiums moves the spotlight to all things India.

Holly Naylor of Relo Network Asia leads us further down the path of Sustainability, helping us to shift our mindset on ESG initiatives by better understanding the opportunities presented by integrating culture.

To close out GSAIR 2023, we move our focus to people and regulation; Sean Collins of Talent Mobility Search delves into the talent landscape and the impact on the sector in APAC, whilst Mark Harris of Travel Intelligence Network wraps up by shining a regulatory light on key destinations in the region.

We hope you enjoy our final publication of the year, and we look forward to seeing you all again in 2024!

Wishing you all a happy, healthy, and successful year ahead.



Ariosi

Ariosi supports serviced apartment and temporary accommodation businesses with bespoke consulting services, to improve operational and commercial results, by sharing data-informed insights to support pricing and expansion plans, and delivering training courses and workshops to enhance employee skills and performance.

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Editorial team and Acknowledgments



Joanna Cross
Chief Operating Officer
Ariosi

Joanna started her hospitality career at the Four Seasons Hotel in Sydney in 2001, moving to London in 2005 and joining the team at COMO Metropolitan Hotel. Her interests switched to serviced apartments in 2006 when she joined SilverDoor. In 2015 she moved into the operational side of the sector and several years followed at both Supercity Aparthotels and Clarendon Apartments. 2022 saw her re-join Habicus Group, and in November 2022 Ariosi Group Limited was launched – a serviced apartment consultancy that also serves as the home for GSAIR and OrbiRelo.



Mark Harris
Director
Travel Intelligence Network

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.

Many thanks to our GSAIR APAC contributors whose time and input is highly valued.
Our appreciation goes to:



Jacqueline Ang
Supply Chain Director – APAC
Synergy Global Housing



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Managing Partner
Talent Mobility Search



Darren Jeacock
Travel Supplier Manager,
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EY



Amitdeep Kohli
Owner and Founder
Enkay Condominiums



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Sustainability Officer
Relo Network Asia Holdings Pte Ltd

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Buyer preferences and channels



Darren Jeacock has worked in the business travel sector for just over 10 years, beginning his career in the industry at EY where today he is responsible for supplier management (airline, hotels, corporate housing, rail, car rental and ground transportation) in the Asia-Pacific and EMEA region.

Question and Answer

With Darren Jeacock

Travel Supplier Manager,
Global Supply Chain Services
EY

Which destinations take the bulk of your serviced apartment bookings?

EY utilises significant transient (short and long stay) business travel and relocation room nights globally. Europe sees the greatest demand with most bookings coming from India and ASEAN¹ countries to support client engagements. The United States sees the greatest demand for relocation/mobility bookings. We also have a very mature program in the Middle East with many EY people using corporate housing for both business transient and extended stay accommodation.

Why do you use serviced apartments; business travel, relocation, assignment working, or a combination?

Our professionals choose serviced apartments for business trips and extended stays due to the convenience and flexibility they offer. In some cases, the local travel policy asks people to consider a serviced apartment for stays of three nights or more. People using serviced apartments for extended stays enjoy having more space, a fully equipped kitchen, and amenities that make their stays comfortable. We also have many people working on short-term assignments or projects who say they prefer serviced apartments over traditional hotels because they offer a more homely atmosphere and often cost less.

What is driving demand in EY for serviced accommodation in the APAC region?

A change to the travel policy, which encourages people to consider an apartment for three or more nights in some locations and, globally, a policy of six or more nights, has seen growth in serviced accommodation demand. We see outbound demand from Europe for short-term client engagements and project stays driving the greatest production, as well as relocations into major EY hubs.

Does the emerging generation of business travellers and/or relocatees have different priorities/requirements from serviced accommodation than their predecessors, and how are changing preferences impacting how you source serviced accommodation in APAC?

The average age of EY employees is 28 years old, which brings a younger perspective on accommodation preferences. Access to online booking technology is important as younger business travellers often prefer online booking. Serviced accommodation can be clunky. They also want flexible workspaces to support remote working, access to local experiences, and an element of personalisation. The desire for personalised



“The biggest change we see is about sustainability; the younger generations are environmentally conscious. Information about their impact pre- and post-stay is becoming more important and impacts the choices they make. Our travellers prefer serviced accommodations that demonstrate a commitment to sustainability through eco-friendly practices and amenities.”

Photo credit: Fraser Suites Sydney.

experiences extends to accommodation choices. The ability to customise the living space, amenities, and services to suit individual preferences may also be a priority for younger business travellers. The biggest change we see is about sustainability; the younger generations are environmentally conscious. Information about their impact pre- and post-stay is becoming more important and impacts the choices they make. Our travellers prefer serviced accommodations that demonstrate a commitment to sustainability through eco-friendly practices and amenities.

What challenges face your organisation in the sourcing, procurement, or usage of serviced accommodation in APAC, and what solutions are you putting in place for 2024/25?

We continue to see more demand for live availability and self-booking capability. In addition, it would be useful if the serviced apartment industry had a consolidated way of providing emissions data and visibility to organisations like EY. Supporting EY's carbon ambition, the team co-developed a tool with IBM called the Sustainable Travel Approval Tool (STAT), that visually represents the emissions of a planned trip and nudges travellers to choose sustainable options. Serviced apartments play a major role in lowering our emissions from accommodation, and as EY STAT is rolled out to more countries, we see this solution driving further demand to corporate housing.

What does 2024/25 look like for your organisation in terms of demand/supply across APAC?

Serviced apartments have become much more accessible with owners showing greater flexibility and appetite for more short-term business. Vendors that are interested in short-terms bookings are seeing interest and demand from EY! This ultimately supports buyers with managing costs, especially as the average hotel daily rate is predicted to continue rising. Serviced apartments have a strategic place in EY's global lodgings program, and since we incorporated serviced apartments into our transient hotel program in 2013, we have had year YoY growth in spend and room nights. We expect people to continue showing interest in this area and considering apartments for both short and long stays.

EY exists to build a better working world, helping to create long-term value for clients, people and society and build trust in the capital markets. Enabled by data and technology, diverse EY teams in over 150 countries provide trust through assurance and help clients grow, transform, and operate. Working across assurance, consulting, law, strategy, tax and transactions, EY teams ask better questions to find new answers for the complex issues facing our world today. EY refers to the global organization, and may refer to one or more, of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients.

¹ The Association of Southeast Asian Nations is a regional organization that brings together disparate neighbours to address economic and security issues.

This publication contains information in summary form and is therefore intended for general guidance only. It is not intended to be a substitute for detailed research or the exercise of professional judgment. Member firms of the global EY organization cannot accept responsibility for loss to any person relying on this article.

APAC in summary



Asia Pacific's serviced accommodation landscape is flourishing. Despite taking longer than the rest of the world to bounce back from COVID-19, and with China only opening its borders to international travellers earlier this year, the region has enjoyed a healthy recovery.

By Jacqueline Ang

Supply Chain Director - APAC
Synergy Global Housing

This recovery has been aided primarily by the increased movement of both the leisure and business traveller - or perhaps a blend of the two - as organisations discontinue work from home policies and travellers realise the benefits of choosing to stay in serviced accommodations over hotels.

Key players, such as Far East Hospitality, Frasers Hospitality, The Ascott Limited, Urban Rest, Minor Hotels and Onyx Hospitality group, have played a formidable role in shaping both the global and regional accommodation landscape, many of whom expect to substantially grow their stock across key traditional markets. Urban Rest and Minor Hotels for example, have shared their presence in the Australian market and are poised to expand significantly over the next few years, while Far East Hospitality have confirmed the opening of two additional properties in Singapore from 2024-2028.

The Ascott Limited have also recently confirmed their operational expansion across non-traditional, markets such as Cambodia, India, Vietnam, The Philippines, and Malaysia. This growth comes as a consequence of multiple local dynamics impacting supply including but not limited to:

- The development of tourism infrastructure
- Growth in business travel and relocation
- Investment into alternative serviced accommodations, designed to meet the changing behaviours of travellers post-COVID
- Geo-political forces - for example, many organisations are choosing to move away from China to spread risk following China's zero-COVID policy.

Additional market forces impacting supply include:

The digital nomad

As the concept of working from anywhere becomes a popular global phenomenon, the serviced accommodation industry will likely see an upturn in demand for larger apartment types as corporates adapt to meet the functional and wellbeing requirements of modern travellers.

Inflation

As the global price index continues to rise, budgets will be squeezed, and rental costs will likely increase - we anticipate such forces will create the perfect storm in the building of "budget brands" as key players adapt to remain competitive.



Photo credit: Somerset Pattaya.

Alternative accommodation models

Co-living apartment models are gaining popularity across Asia Pacific. These budget-friendly accommodation types offer guests a shared living option with communal facilities and provide the digital nomad with a sense of community and culture during their stay.

Smaller, independently-owned boutique hotels are also gaining momentum through their unique offering of trendy designs and a more intimate atmosphere.

Business travel across India

Local serviced accommodation providers across India, including Synergy, have seen record-breaking growth as domestic and international business travel resumes. With the industry maturing, corporates should expect to see the gap between luxury and budget accommodation standards narrow as investment into middle of the range options grows.

Sustainability

The serviced accommodation industry in Asia Pacific is slowly but surely progressing as it relates to sustainable options. Key players are implementing sustainable

measures including water conservation, the reduction of wastage, adoption of recycled materials and the reduction of the use of single-use plastic. Despite this progress, low carbon options across Asia Pacific remain few and far between as inadequate environmental regulations and fragmented industry best-practices remain a barrier to real, tangible progress. With that said, sustainability remains a hot topic and we should expect to see the number of sustainable solutions grow.

Looking ahead, we should expect our industry to continue flourishing. A recent study² from GBTA predicted an upturn in global business travel spend through 2027, with China, Japan, South Korea, and India taking the lead in 2023. Moreover, a study by Mercer Mobility Exchange indicated that organisations expect to see an increase in long-term assignments for the remainder of 2023 and into 2024. With such a promising outlook on the horizon, it's reasonable to expect investment into Asia Pacific's serviced accommodation landscape as providers and disruptors implement creative solutions to meet the ever-changing requirements of travellers and corporates.

"As the global price index continues to rise, budgets will be squeezed, and rental costs will likely increase - we anticipate such forces will create the perfect storm in the building of "budget brands" as key players adapt to remain competitive."



Photo credit: Quest North Sydney.

² gbta.org/wp-content/uploads/GBTA-BTI-2023_Executive-Summary-FINAL.pdf

Alternative accommodation models

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SilverDoor's accommodation portfolio spans more than 2,000 global partners with access to more than one million serviced apartments. Amongst these, there are differences across the global temporary housing market in terms of the product, guest experience, and facilities on offer.

By Sophie Brinsley
Vice President - APAC
SilverDoor

For example, corporate housing dominates in the US, traditional serviced apartments are the norm in the UK and Australia where residential style units come with weekly housekeeping, and there's a dominance for more apart-hotel offerings across mainland Europe and most of Asia – generally speaking.

Diversification

With the welcome rise in demand for extended stay accommodation, 2023 has seen the emergence of more and more multinational hotel chains looking to capitalise on it, with the likes of Accor, Marriott, Hilton, IHG and even Mandarin Oriental now developing more hotel 'suites' with full kitchens and multiple bedrooms as part of their offering. However, there are new alternative accommodation models that have been emerging in recent years too and starting to gain traction.

We're acutely aware that temporary housing makes up a large portion of a business' overall mobility spend. The implications of the past few years' geo-political and socioeconomic constraints, not to mention the pandemic, has also resulted in a particularly volatile market and now more than ever, businesses are assessing their travel spend and looking to some of these alternative accommodation options to maximise the value of their expenditure.

Corporate housing

As mentioned, corporate housing is a typical US product, whereby units within residential buildings are furnished and packaged up with utilities, Wi-Fi and usually bi-weekly servicing and it's a concept that's been growing in popularity in the past few years across APAC, but it is strictly regulated.

For example, the Urban Redevelopment Authority in Singapore imposes a three-month minimum (reduced from six months) duration which provides both reassurance for the long-term occupants of these residential buildings, whilst also protecting the interests of the local hotel and serviced apartment network.

These short-term residential leasing options can offer the benefit of cost-saving and are suited to those staying for longer durations who prefer a more home-from-home feel, but really, the main great advantage is that this model enables us to source in locations where there are seemingly no other extended-stay alternatives and can potentially span anywhere where there is a residential development. The limitations, however, are that the stays are typically contracted with no flexibility for amendment of duration, and rarely offer on-site maintenance or a purpose-managed concierge. That said, demand is fuelling rate increases in APAC. In March 2023, corporate housing rates were up 27% compared to 15% in EMEA³.

Co-living

Similarly, co-living is a concept that has become more common in the past five years or so, but it can mean different things to different people, depending on the region. In EMEA, it can be used simply to describe a typical aparthotel that has a more social focus with communal spaces and curated events.

Co-living in the APAC region has seen substantial growth in recent years, driven by urbanisation, high housing costs and a strong desire for social connections among residents. Singapore, Hong Kong, Tokyo, Seoul, Hyderabad, and Sydney have adopted co-living as a solution to high urban living

costs. Co-living developments are usually centrally located, with easy access to transportation, amenities, and entertainment.

India has long-since offered travellers the option of shared accommodation, which also can be characterised as corporate housing. A typical three-BHK (bedroom-hall-kitchen) can even allow for three individuals from different companies to occupy a shared apartment. Whilst until recently this was quite a unique concept, it's even available now in places like Singapore.

Emerging co-living brands such as Coliwoo, have developed several sites across the island-state including one in Orchard that was at one time a Frasers development that offered mainly individual spacious three bedroom apartments, and has now been redeveloped into individual, lockable en-suite rooms with shared kitchens that can be rented per room, not just per unit.

Gen Z

Whilst this may potentially work for project or internship groups, it's not going to meet all criteria for obvious reasons. One co-living product that has been popping up at a considerable rate in the APAC market is Lyf.

There is a clear target demographic of late-millennial and Gen-Z solo-travellers looking for more than just a roof over their head; namely the opportunity to build a social network. Personally, I was a bit sceptical about whether corporates would take it up at first, particularly with the first pilot project opening up during the midst of the pandemic when safety and protection of personal space were always the number one priority.

However, more and more corporate buyers are considering this type of product as they fundamentally do still offer corporate-standard accommodation but at a reduced price. Albeit not for everyone (those of us who may be rather protective over their milk in the fridge!), they are neatly furnished with everything a long-stay traveller could need and they offer an ideal solution for either particularly budget-conscious bookers or project groups.

Lyf has grown from that first set-up at Funan, Singapore in 2019 and has now stretched to 14 properties across the entire APAC region with an additional four more upcoming in 2024 so it's certainly a success story for the co-living model and looks set to stay.

Airbnb – unrealistic expectations?

Whilst short-stay rental giants such as Airbnb have brought apartment stays to the forefront of peoples' consciousnesses, one of the downsides is that it has perhaps given the general public unrealistic expectations of what's achievable in terms of price and safety for unregulated or informally managed apartment stays.

These individual apartment lets or 'homestays', will never be comparable to serviced apartment or corporate housing in terms of compliance, security, health, and safety standards. Any individual can list a single unit on such platforms and in the vast majority of cases they wouldn't meet SilverDoor's minimum criteria and safety checks, and so those interested should most definitely tread with caution.

"Co-living in the APAC region has seen substantial growth in recent years, driven by urbanisation, high housing costs and a strong desire for social connections among residents. Singapore, Hong Kong, Tokyo, Seoul, Hyderabad, and Sydney have adopted co-living as a solution to high urban living costs. Co-living developments are usually centrally located, with easy access to transportation, amenities, and entertainment."



Photo credit: Fraser Bukit Bintang



³ <https://servicedapartmentnews.com/news/corporate-housing-rates-up-emea-apac/>

The SilverDoor Carbon Calculator.

Business travel and accommodation can contribute significantly to a company's carbon footprint. With global businesses publicly committing to carbon emissions targets, corporate buyers are increasingly seeking to quantify the environmental impact of their corporate accommodation.

Helping corporates to set, monitor, and achieve business travel sustainability goals

The SilverDoor Carbon Calculator is the first tool of its kind to collate carbon emissions data for the serviced apartment sector. It enables bookers to access qualitative and quantitative data sets and adopt a more informed approach to reviewing and understanding the environmental impact of their accommodation choices.

 **8.54 kg CO₂e ↓ 40%** Below industry average 

The calculator will gather and present emissions data from SilverDoor's extensive property operator network in a clear and simple way.

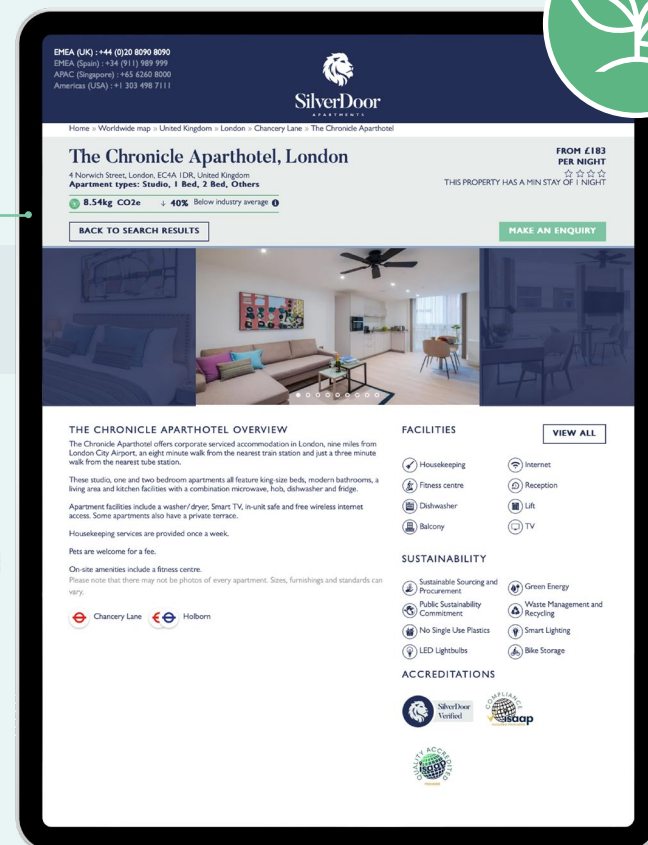
The SilverDoor Carbon Calculator has been built to benchmark serviced accommodation operators' own data with a specific focus on the most critical fields. Using their proprietary methodology, SilverDoor estimates what CO₂ emissions can be attributed to a night's stay in an apartment. This includes the total area of each apartment as well as the wider building, electricity, gas and oil use, total area of climate-controlled space, water consumption, and laundry management.



"The first phase of the tool focuses on just the most critical datapoints needed to estimate the CO₂e of a night in an apartment: energy consumption, building areas, and average occupancy. It's relatively straightforward and accessible to any property operator regardless of their size or the resources available to them."

Alex Neale

Senior Vice President Partner Relationships



Travel bookers can quickly and simply measure their carbon emissions

Empowering businesses to measure, benchmark, and manage their business travel accommodation emissions

Results show the calculated volume of CO₂ emissions per night against the equivalent hotel industry average to help guests, travel managers and bookers understand and compare the environmental performance between bookings based on type and length of stay in the same way they compare rates, location and facilities. The SilverDoor Carbon Calculator empowers businesses to make informed business travel choices.

Learn more about the SilverDoor Carbon Calculator:
silverdoorapartments.com/carbon-calculator/

Spotlight on India



The serviced apartment sector in India has been growing since the 1990's, when there was a major inflow of foreign nationals setting up JV's, managing logistics such as manpower deployment, liaising with Government officials and so on. Back then, the average stay was for three months plus.

By Amitdeep Kohli
Owner and Founder
Enkay Condominiums

The nineties brought the dawn of India's IT industry. Expatriate IT Consultants visited India, on short assignments, to set-up outsourcing centres in cities such as Hyderabad and Bangalore.

Unmarried foreign nationals found it next to impossible to get temporary accommodation in housing societies in India because of concerns around late night partying, excessive alcohol consumption and nuisance value. Alcohol was a still a big taboo in Indian society and foreign culture was viewed suspiciously.

Serviced apartments provided a convenient solution to these consultants who preferred serviced apartments due to home like environment where they had a private cooking facility, private spaces and extra living areas which could not be found in traditional hotel suites or rooms.

Demand sectors

Since 2010, joint ventures in the manufacturing space, between Indian and Japanese/Korean companies has also driven demand, with assignments generally lasting over three years. Japanese and Korean nationals felt more comfortable staying in fully fitted and serviced units rather than going through the hassle of finding housing.

The industries fuelling the demand for serviced apartments remain IT and IT-enabled industries, followed by manufacturing and then other industries.

Demand for two and three bedroom serviced apartments has increased due to the number of expatriate families relocating into India, due to improvement in Indian infrastructure in terms of housing options, medical facilities, international schools, shopping malls and recreational facilities.

"We are also seeing culture-specific, un-branded serviced units developed with interiors and all soft services catering to a specific community."



Photo credit: Ascott Star KLCC.

Further demand has come from repatriating Indians, expatriates staying for up to five years, medical tourists and even from local families moving between houses. Temporary housing for an Indian repatriating into India is driving demand for 2-3 bedroom units in IT dominated cities like Hyderabad and Bangalore. Average stays have fallen from 30 days (or more) to daily or weekly stays.

High-demand cities

Although serviced apartments are now appearing in Tier II and Tier III cities due to expansion of the manufacturing base in these locations, demand for serviced apartments in India currently tends to be focussed on the following cities and from the industries shown:

- Bangalore** – IT professionals, intern moves and repatriating Indian nationals.
- Hyderabad** – as per Bangalore.
- Mumbai** – IT professionals, financial and trading sectors, and cruise ship crews.
- National Capital Region (Delhi, Gurgaon, and NOIDA)** – IT professionals, manufacturing industries.

Chennai – IT professionals, intern moves, repatriating Indian nationals, manufacturing, and shipping Industries.

Most popular types of serviced apartments in India

Branded Aparthotels: These serviced apartments in metropolitan areas provide guests with 24-hour private dining, concierge service, a doctor available on call, laundry/dry cleaning equipment and other housekeeping services.

Many also provide facilities such as shower cubicle, all modern kitchen equipment (microwave, toaster, tea/coffeemaker, etc), glassware, personal safe, smoke detectors, water sprinklers and complimentary 24 hour Wi-Fi internet connectivity.

Un-branded Aparthotels: These would be Aparthotels which have fully furnished and serviced units, constructed and managed by local players, but with limited services and infrastructure. They are broadly comparable to three or four-star Aparthotels.

Corporate Housing: These apartments are generally residential, fully furnished units rented from landlords by local service providers and subleased as self-catering units with facilities like free high speed internet, housekeeping, bedding, and linen change and help desk. Located in residential condominiums, they also have 24-hour security, CCTV surveillance, gym, and spa.

In the last couple of years, we have seen corporate demand move from internationally branded serviced apartments to well established local brands.

Today, India’s serviced apartment inventory includes studio units, one bedroom, two or three bedroom facilities. Rates tend to be 25-30% lower than hotels, ranging from USD 60 per night for a studio in an unbranded property to USD 100 per night for a studio in a branded property.

Alternative accommodation models

A number of trends are driving the serviced apartment sector right now. Demand for coliving as an alternative to serviced apartments is increasing steadily, as is demand for studio apartments for the intra-India moves as corporates recognise the potential to save money.

As these units are equipped with a kitchen and washing machines, HR functions expect their travellers to cook their own food and do their own laundry. Not surprising when you consider these are major reimbursement costs for a company.

A number of local developers are constructing studio and one bedroom units which are being sold to the buyer with a yield guarantee, as serviced units. The developer is leasing back these units from the owners and converting them into serviced units. The main buyers of these units are Indian nationals residing abroad. They don’t mind renting their apartment to serviced apartment providers due to higher yield for their apartments and assurance that they will be well maintained.

Culture-specific serviced units

We are also seeing culture-specific, un-branded serviced units developed with interiors and all soft services catering to a specific community. For example. Neemrana is a Japanese industrial zone where Enkay has an Aparthotel constructed especially for Japanese clients. Our bathrooms have TOTO washlets and tubs, we have a restaurant serving Japanese meals and breakfast, for entertainment we have Japanese channels and Japanese speaking staff for customer support.

Currently, leisure demand for serviced apartments is very limited, but we expect this to change due to wedding and religious tourism. Wedding tourism is growing almost 100% on a year-on-year basis⁴ whilst, with or without political controversy, faith-based tourism is a revenue-generator for India, estimated at USD 902 million in 2022, which represents 6-11% of the global faith-based travel market⁵.

Integrating culture with modern ESG initiatives in Serviced Apartments

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Across bustling Asian cities, heritage practices hold strong even amidst modern city lifestyles. Could this juxtaposition between local traditions and contemporary living be the key to sustainability for APAC’s serviced apartments?

By Holly Naylor
Senior Consultant/Sustainability Officer
Relo Network Asia Holdings Pte Ltd



Sustainability has become imperative for the serviced apartment sector. As a point of reference, the Sustainable Hospitality Alliance outlines that for the industry to align with the Paris Agreement's emissions targets, carbon emissions per hotel room need a 66% reduction by 2030 and a 90% reduction by 2050⁶. This indicates the importance of preventing the sector's projected growth from directly increasing overall carbon emissions. However, there are many more complexities to consider.

As Ms Beh Siew Kim, Chief Financial & Sustainability Officer, Lodging, CapitaLand Investment and Managing Director, Japan, and Korea, The Ascott Limited (Ascott) points out; *“Profitability and sustainability are often deemed as competing priorities but, in fact, they are complementary priorities which go hand-in-hand. A key challenge lies in shifting people’s mindsets, from regarding sustainability as a cost, to viewing it as a window of opportunity to drive climate action?”*

This shift becomes increasingly pertinent considering the evolving ESG landscape and cultural nuances of the APAC serviced apartment sector.

APAC’s diverse serviced apartment industry

APAC’s serviced apartment industry is being impacted by rising consciousness amongst guests, corporates’ supplier sustainability requirements and climate change itself. However, sustainability strategies cannot take

a one-size-fits-all approach. The APAC region faces nuanced sustainability challenges driven by its vast geographical spread, infrastructure gaps, local climate and increasing operating costs.

In Singapore for instance, sustainability initiatives differ widely between larger established players surrounded by greenery and newer boutique properties downtown. In addition, co-living spaces have emerged as competitive alternatives to serviced apartments for assignees on lower budgets⁸.

Zooming out across Asia Pacific, market structures and challenges vary dramatically. In Phnom Penh, a handful of global brands co-exist with local landlords operating informal furnished rentals, leading to fragmentation. Myanmar faces civil unrest, while Jakarta struggles with severe traffic congestion. Hong Kong contends with frequent typhoons amid a changing climate. Every location has diverse environmental, social, linguistic, and cultural nuances.

Ascott is one of the serviced apartment providers that recognises the importance of keeping local cultural values in mind. With an extensive network of in-market teams led by Regional and Country General Managers, they have the capability to localise in-market activations, particularly in geographies where universal policies do not apply. Sharing best practices across regions is one technique that has delivered success across their APAC teams⁹.

⁴ <https://hospitalityindia.wordpress.com/indian-hospitality-industry-facts-figures/>
⁵ <https://www.statista.com/topics/10692/religious-tourism-in-india/#topicOverview>

⁶ <https://sustainablehospitalityalliance.org/our-work/climate-action/>
⁷ <https://servicedapartmentnews.com/news/ascott-achieves-gstc-recognised-standard-and-unveils-sustainability-framework/>
⁸ <https://www.pmo.gov.sg/Newsroom/DPM-Heng-Swee-Keat-at-the-Launch-of-the-Sustainability-Innovation-Lab>
⁹ <https://www.discoverasr.com/en/ascott-cares>

Market differentiation through ESG and cultural context

Blending traditional values and practices with modern ESG initiatives adds local relevance and meaningfulness to sustainability efforts across APAC. Integrating cultural contexts brings depth to realizing positive regional impact. Incorporating traditional values into ESG programs also makes them more relatable and effective. Realizing this requires proactive, continuous stakeholder engagement on all fronts to reshape mindsets.

For instance, the prevalent Asian principle of '*harmony with nature*' aligns with sustainability goals, as does Japan's mottainai concept of regretting waste. Serviced apartments bridge localized variances through tailored initiatives aligned with cultural values and stand to lead APAC's sustainability progress.

The path includes supporting not just environmental aims but also workers and communities. For example, Ascott's commitments to education programs in Indonesia and a partnership with the WWF in Batangas, The Philippines, reflect these nuanced initiatives.

Enhancing guest experience through ESG

Prioritising sustainability through the lens of cultural practices benefits not only the environment but the guest experience too. This was shown by Singapore's Treetops serviced apartments, where green initiatives significantly improved indoor air quality¹⁰.

Serviced apartments in APAC that have embraced ESG initiatives often report higher guest satisfaction, owing to a growing preference for sustainable and responsible travel options. Features like energy-efficient lighting, water-saving fixtures, and locally sourced food reduce environmental impact and offer guests a unique, authentic experience. This duality of environmental responsibility and enriched guest experience can drive business growth and reduce costs.

As a Global Sustainable Tourism Council (GSTC) member, Ascott aligns its practices with benchmark sustainability goals. As Beh Siew Kim noted, *"Responsible business among consumers has further translated into determining criteria when it comes to selecting partners. On the corporate front, we have seen a rising importance placed on selecting corporate partners who can demonstrate clear ESG practices."*

Evolving regulation and governance

Changes in the governance space may also accelerate ESG practices in APAC. There are clear indications that fragmentation in sustainability reporting will give way to consolidated standards for transparency and performance tracking.

Guided by major bodies including the International Financial Reporting Standards (IFRS), the Global Reporting Initiative (GRI), and the International Sustainability Standards Board (ISSB), companies can expect aligned directives for communicating their eco-conscious policies, targets, and impacts to stakeholders.

As leaders navigate this transition in sustainability measurement and disclosure, players understanding both universal guidelines and location-specific requirements will be able to transform reporting into a mechanism for strategic advantage.

Looking forward - the future of sustainability in APAC's serviced apartments

APAC's serviced apartments are evolving towards prioritising sustainability, influenced by economic trends, market demands, and technology integration. Future strategies may include smart technologies for efficient resource management, carbon offsetting initiatives, energy management and waste reduction.

Other potential approaches are increased guest participation in sustainability and enhanced partnering with local artisans, suppliers, and waste reduction initiatives. As newer properties come online, new methods for offsetting or reducing embodied carbon and other initiatives are expected¹¹.

Conclusion

In Asia Pacific's diverse serviced apartment sector, sustainability necessitates balancing global consistency with regional relevance. While universal environmental and social priorities apply, embedding sustainability requires including location-specific cultural and traditional practices.

The path ahead is for players to keep sustainability central to offerings through smart technology, carbon accounting, guest engagement and local partnerships. With consumers becoming more conscious of their choices, they are more likely to support businesses that align with their values.

With the regulatory landscape driving transparency through increasingly unified reporting frameworks, the need for robust data, transparency and clarity will only increase. Although the road to decarbonization is long and complex, cross-sector collaboration blends tradition with new solutions. Cultural insight might be the missing link for ESG and enhanced guest experiences that pave the way to scalable climate action and nurturing APAC's local communities.

The talent landscape in temporary living & global mobility



It has been a wild ride lately for the world of talent acquisition and retention within the global mobility industry. The pandemic brought relocations to a standstill, with a huge knock-on impact on service providers across the industry.

By Sean Collins
Managing Partner
Talent Mobility Search

"In this dynamic environment, companies must prioritise efficient recruitment processes and a proactive approach to talent attraction to stay ahead in the competition for the best and brightest in the global mobility industry."



Photo credit: Fraser Residence River Promenade.

Many vendors either put talent on furlough or went through rounds of redundancies to stay in business.

Then, in 2022, the world re-opened and with it the relocation flood gates. Providers scrambled to resource their teams back up to manage the surge in demand. This proved a huge challenge as a large part of the talent pool that had been laid off had now left the industry or were reluctant to return.

A major talent crunch followed. Companies with the best employer brand, most efficient recruitment processes and strongest recruitment partners won the war for talent. For recruitment firms, including Talent Mobility Search, 2022 was one of the busiest years ever in all three regions across the globe as clients sought to bring in the best talent to service their clients and drive more sales.

¹⁰ <https://www.treetops.com.sg/about/discover-green/>

¹¹ <https://servicedapartmentnews.com/serviced-apartment-news/special-report-sustainability-in-the-extended-stay-space/>

Post-pandemic recruitment surge slows

As we moved into 2023 the market again changed with the World Bank slashing its 2023 growth forecasts to levels teetering on the brink of recession for many countries¹².

As the impact of central bank rate hikes intensified, Russia's war in Ukraine continued, and the world's major economic engines sputtered. Many companies implemented hiring freezes and went through rounds of redundancies. The post pandemic surge in relocation volumes slowed down once again, creating havoc with financial planning and talent resourcing within the global mobility industry.

Taylor Williams Smith, Partner at Talent Mobility Search US has many years' experience working and recruiting in the temp living space. He says that *"in corporate housing many companies started scaling back this year, especially on the operations side due to a slowdown in demand. Yet, many employers are expanding their sales teams to build market awareness and ensure growth out of the downturn."*

This has also played out with Relocation Management Companies (RMCs), with all the major players in the industry going through several rounds of layoffs in 2023. Moving companies that also had rounds of layoffs due to the downturn in the relocation market are now looking for additional revenue opportunities such as Office and Industrial (O&I), Final Mile, and Logistics.

Talent acquisition - challenges and opportunities

So how has this impacted the talent landscape and what is the outlook for 2024? According to a report by ZipRecruiter, employers are still facing an onslaught of talent acquisition challenges in 2023, with 57% of employers said they lacked qualified candidates, and 46% said they had too few candidates of any kind¹³.

Has the great resignation ended? Some sources claim that the rate of workers who quit their jobs has fallen to pre-pandemic levels, while others argue that the job loyalty is still in short supply and the resignations are far from over.

Economists are more upbeat, claiming the number of people leaving their jobs has returned to pre-pandemic levels¹⁴. The economy has slowed down amid fears that AI will take the place of some roles. People are thinking twice before they leave a job. However, the phenomenon will continue to take "different shapes and forms" in time to come¹⁵.

Global mobility outlook

We have seen similar trends within the global mobility talent market. Although the market may have softened,

employees are still selective in the type of role and employer they are looking for.

Simon Rogers, Managing Partner at Talent Mobility Search, based in London comments *"Many candidates are looking for a company that embraces technology and AI. In a most recent role, the fact the organisation still used spreadsheets was a real negative. Mid or senior level talent is looking for an opportunity to manage people."*

Companies cannot afford to neglect their talent acquisition process. Candidates continue to be put off by unnecessary long interview processes and employers will continue to lose out on the best talent to competitors that are able to move faster. Once you hire your candidate, the challenges don't stop - having a robust onboarding process is essential to keep the employee engaged and ensure new hire retention. This is particularly important with remote hires.

Attracting a pipeline of new talent to the industry should also be an integral part of a company's talent strategy. A great initiative to attract talent to the global mobility industry can be seen with the University of Texas in Dallas (UTD) Global Mobility Club hosting virtual career fairs with many leading organizations within the relocation industry. What are Gen Z looking for - work life balance & flexible working, a purposeful employer with a strong ESG mandate, diverse and inclusive workplace, and professional development opportunities.

Staying ahead of the competition

The volatile journey of the talent landscape in the global mobility industry has been a testament to the resilience and adaptability of both employers and employees. The rollercoaster ride from the standstill induced by the pandemic to the surge in demand post-2022 and the subsequent slowdown in 2023 has unveiled significant challenges and opportunities for companies in this space.

Those with the strongest employer brand and talent processes look best placed to ride out the storm. As we navigate the uncertainties of 2024, it is evident that the impact of geopolitical events, economic shifts, and technological expectations continues to shape our industry and the talent landscape.

In this dynamic environment, companies must prioritise efficient recruitment processes and a proactive approach to talent attraction to stay ahead in the competition for the best and brightest in the global mobility industry. As the sector continues to transform, embracing innovation and meeting the evolving needs of the workforce will be key to sustained success.

¹² <https://www.worldbank.org/en/publication/global-economic-prospects>

¹³ <https://www.hrmorning.com/articles/top-talent-acquisition-challenges-2023/>

¹⁴ <https://www.bbc.com/worklife/article/20230731-the-great-resignation-is-over-what-does-that-mean>

¹⁵ <https://www.cnbc.com/2022/03/25/jobs-is-the-great-resignation-over.html>



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Serviced apartment regulation and legislation in APAC

Given that the Asia and the Pacific region is home to 60%¹⁶ of the world's population – some 4.3 billion people – and includes the world's most populous countries, China, and India, it's hardly surprising that the regulations and legislations that govern the operation of serviced apartments in the region are almost totally fragmented.

By Mark Harris
Director
Travel Intelligence Network

In reality, the regulatory framework varies, not just between countries, but between cities in the same country. For years, local planning laws and self-protectionism from destinations' hotel communities have been adding extra layers of red tape that serviced apartment operators must navigate.

For example, in India, there are different rules for aparthotels, corporate housing and co-living, as Amitdeep Kohli of Enkay Condominiums explains. "The government of India has a classification of Apartment Hotel, as category earmarked as Accommodation type for tourism. These are categorised and regulated as hotels but must have additional living space and cooking facilities."

"They have to meet all fire, pollution guidelines and other safety and security prerequisites and have a maximum stay of one year. Each guest has to be registered with the Authorities, which is done on check-in and is mandatory."

"In India, landlords are allowed to sublease their apartments for periods of one month and over. Residential corporate apartments also don't have to follow the safety norms designated for the hotels but must meet the safety norms for residential buildings."

"Currently there are no rules to regulate Co-Living options. Co-living providers options are operating under the garb of PG's and Hostels" concludes Kohli.



In contrasting these different approaches, however, there are some distinct similarities – especially in overcrowded cities where short term rentals are putting additional pressure on residential inventory.

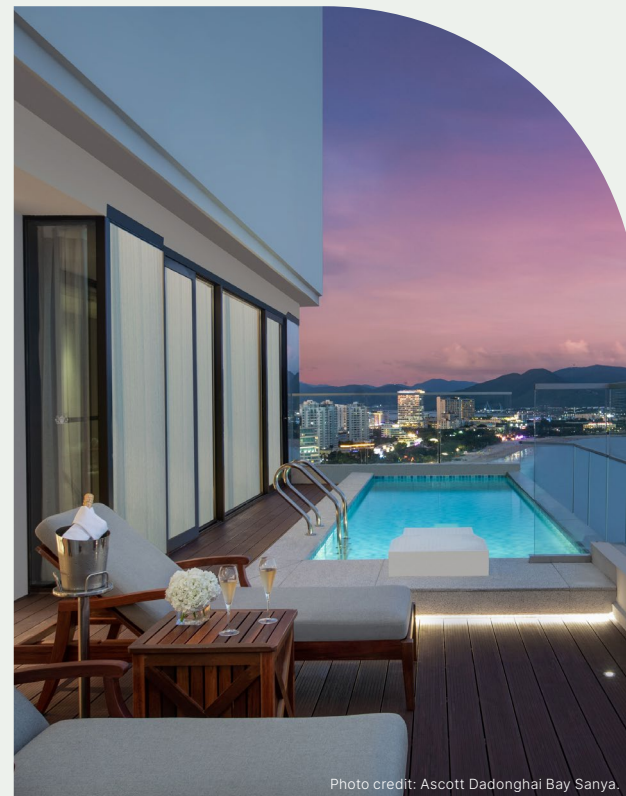


Photo credit: Ascott Dadonghai Bay Sanya.



"The challenge lies in persuading local law makers to collaborate and to avoid creating different rules for different products. Each city may be different, but greater consistency would surely help to grow the serviced apartment market across the region."

Shanghai

Shanghai has 2.1 million registered rental apartments, accounting for 26.3% of the total housing number in the city. About 1.8 million of them are leased out by the property owners themselves, while about 100,000 of the apartments are rented through agencies.

New regulation on apartment renting came into effect in August 2023, banning group renting, and promising better supervision of apartment subletting.

The new regulation has been introduced to facilitate a more stable leasing relationship between property owners and tenants, while promoting improved renting standards to meet residents' living needs.

The new regulation stipulates that kitchens, bathrooms, balconies, storage rooms and other spaces not designed for living cannot be sublet. Those subletting apartments for a profit have to register if the number of apartments they sublet reaches a certain number.

Singapore

Singapore is one of the leading business hubs in Southeast Asia and the world. Until recently, Singapore's Urban Redevelopment Authority (URA) set strict laws around short-term letting.

Private residential properties had to be rented out for at least 90 nights, effectively taking short-term rentals out of the market, whilst serviced apartments 'akin to residential use' were allowed to book for a seven-night minimum in non-landed residential sites.

However, Singapore will now pilot a new class of serviced apartments with a three-month minimum stay to meet rental demand. Under the new government scheme, the minimum stay requirement for the long-term serviced apartments is in line with private residential properties and these units will coexist alongside the short-stay units.

Meanwhile, whilst renting out property on home sharing platforms is not technically illegal in Singapore, the minimum three-month rental period for non-landed private property and 6 months for Housing Development Board (HDB) flats (a form of government housing) still applies.

Short-term rentals are effectively being outlawed to provide residents with more security. A survey by the Urban Redevelopment Authority found that seven in 10 respondents felt that short-term rentals would raise security concerns and result in a loss of privacy.

¹⁶ <https://asiapacific.unfpa.org/en/populationtrends#:~:text=The%20Asia%20and%20the%20Pacific,Developing%20States%20in%20the%20Pacific>

Sydney

Contrast Shanghai and Singapore with Sydney, Australia. Here, as in New York, regulations differentiate between hosted and non-hosted accommodation, although serviced apartments are exempt and are listed on digital booking platforms.

Here too, non-hosted short term rentals have a 180 day maximum stay limit, with local councils maintaining a register to ensure the cap is not exceeded. If it is, the short-term rental will no longer be permitted in that year.

The 180-day's cap excludes the booking of a place for consecutive 21 days. On the other hand, the limit on the days is applicable in certain council areas in New South Wales.

For serviced apartments, however, the maximum period for occupation of a serviced apartment is three months. Apartments are also limited to two-bedroom only.¹⁷

Too much complexity, not enough consistency

Over-urbanisation, changing traveller preferences and the post-pandemic recovery of travel are all factors in new, stricter licensing that is affecting short and extended stay accommodation. Inevitably, licensing authorities adopt a local perspective, usually focussed on the investment landscape.

The challenge lies in persuading local law makers to collaborate and to avoid creating different rules for different products. Each city may be different, but greater consistency would surely help to grow the serviced apartment market across the region.

“Over-urbanisation, changing traveller preferences and the post-pandemic recovery of travel are all factors in new, stricter licensing that is affecting short and extended stay accommodation.”



Glossary of terms

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

ADR:	Average Daily Rate.
Agent:	Used more generally to describe an intermediary, either individual or company, booking travel or accommodation on behalf of another party.
AI:	Artificial Intelligence.
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.
ASEAN:	Association of Southeast Asian Nations.
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.
Digital nomad:	A person who earns a living working online in various locations of their choosing, rather than a fixed business location.
EMEIA:	Europe, Middle East, India and Africa.
ESG:	Environmental, Social, and Governance.
Home Stay:	Generic term for products like Airbnb, Onefinestay, or home rental.
JV:	Joint Venture.
Occupancy:	Percentage of occupied bedrooms / apartments during a set period.
OTA:	Online Travel Agent (e.g., Expedia, Booking.com).
Relocation:	Relocation (also referred to as Relo), involves permanently moving an employee, and family, to another city or country.
RevPAR:	Revenue per available room.
UK:	United Kingdom.

¹⁷ <https://www.bayside.nsw.gov.au/sites/default/files/2021-08/Part%207L%20Serviced%20Apartments.pdf>



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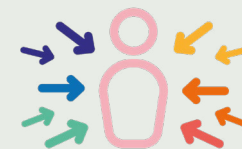
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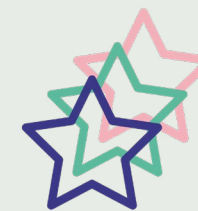
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