

And The Survey Says...

Serviced Apartments Reach 1 Million* + Globally

The results of the *GSAIR 2018/19 published by The Apartment Service

Shining The Light On The Growing Serviced Apartment Industry

Every 18 months the Global Serviced Apartment Industry Report (GSAIR) editorial team including Charlie McCrow, Bard Vos and Mark Harris, come together to review the results of the global survey.

This editorial team then uses the results to create the questions, the debate and the content for this much respected industry report that focuses on the growth, the aspirations and challenges that are current in the global serviced apartment industry.

It is maybe not surprising to hear that issues that have been logged and identified in previous surveys and the seven reports remain relevant year after year - and because of this, the report is able to follow the journey of the stakeholders of the industry in trying to move these issues, obstacles and challenges towards a solution.

A Snapshot

The significant major benefit of The Apartment Service's GSAIR report, is that it performs for the industry as a great snapshot, a clear picture of the industry the moment the survey is taken – and with seven surveys now under its wing, GSAIR has followed and recorded the exponential growth of a young and vibrant industry. It has recorded the up's, the downs, the new entrants, current hot topics, and finally, each edition recognises 'the new normal' through conversation and thought leadership. It picks up with topics that are relevant and important – and allows the personality of the contributors to shine through.

It remains one of the most highly trusted and referred to industry reports. GSAIR is written by the wider long stay community, for the wider long stay community and is brimming with information, graphics, statistics and thought leadership that encourages all to share the realities of a growing sector.

The Hottest Summer Read Of 2018

Widely celebrated for being the hottest read on the shelves (the serviced apartment shelves of course!) if you want to 'get to

know' serviced apartments, you need look no further. You can experience a journey around the world with 'Regional Reports'; understand how brands plan to develop new products, openings in new locations, and how they are enhancing their services in the Partner Perspectives. This report also provides forecasts, a review of the current supply landscape and features case studies from Graebel, UBS, AIG and other worldwide organisations.

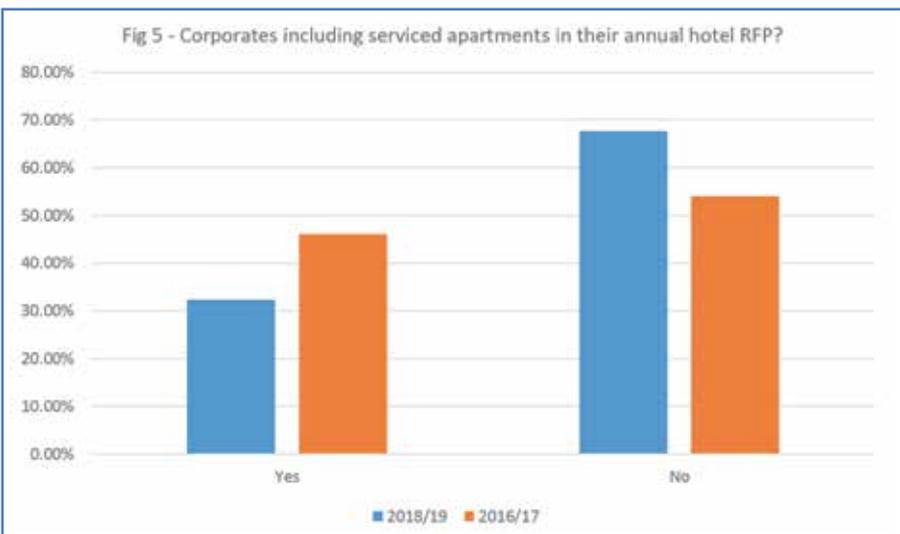
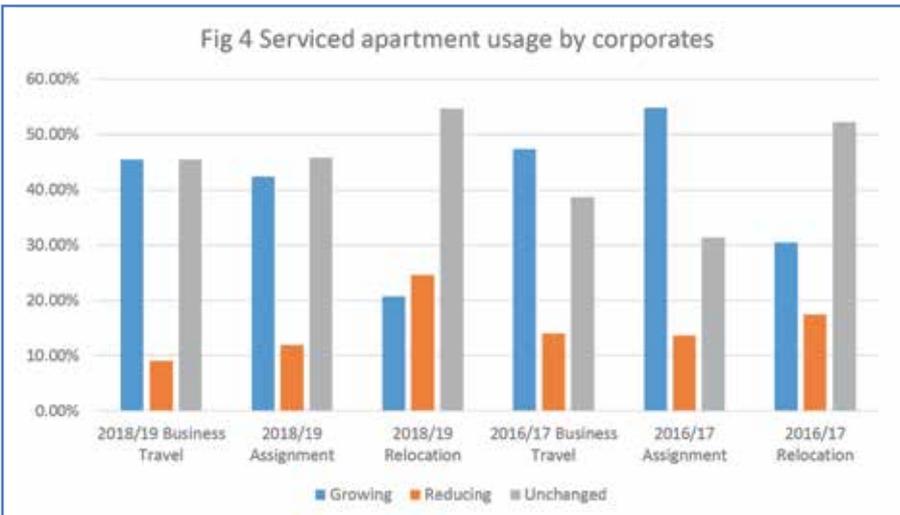
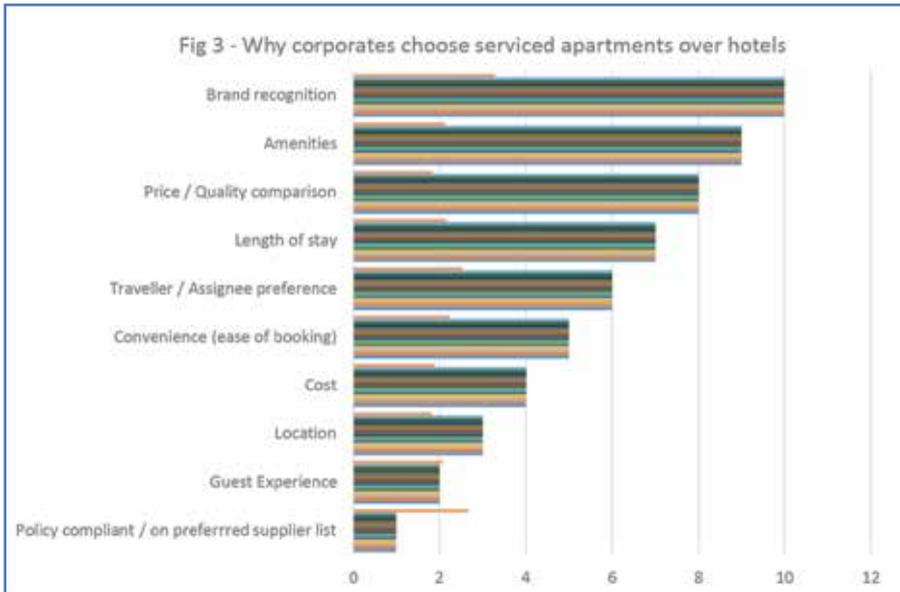
It is no surprise that the report again this year has identified that the same issues

(identified in the previous reports) are still relevant eighteen months on, and, even though there has been ongoing development and discussion on the continual and highly debated subjects, such as ease of booking, the need for product and service definition and business model transparency – the report underlines that the industry is still in a forming phase.

Report Methodology

The report is responsibly compiled from a range of primary and secondary global





sources, both in or closely aligned to the serviced apartments sector, and takes the views of over 40 industry buyers, suppliers, consultants and trade association representatives.

The survey for this edition of the report was carried out during November & December 2017, amongst 6,000 corporates, 2,000 serviced apartment operators and

1,800 agents. A copy of the results is available at www.apartmentservice.com/GSAIR

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

All other information sources are fully attributed and include other publicly available reports and research around the

serviced apartments sector or the wider hospitality industry. In all cases, we present the latest figures available within the market.

Under The Covers Of The Report... Demand - By Charlie Mccrow – CEO, The Apartment Service

'The rate of growth in serviced apartment usage for business travel, assignment and relocation purposes have maintained their upward trajectory. 21.5% of agents reported that serviced apartments are increasingly used for project or assignment working and 18% reported growth in usage for relocation.

Agent involvement in the sourcing and booking of serviced apartments is growing too. Whilst serviced apartment bookings placed via TMCs, RMCs and other agents is increasing, corporates' usage of serviced apartments fell compared to 2016/17. Over half of corporates now use serviced apartments for business travel, with 39.7% of corporates allocating up to 20% of budget to extended stay.

Our survey shows that, year-on-year, corporate use of serviced apartment for business travel has fallen by 9%, assignment/project working by 18% and relocation by 8%. That is not to say that adoption is no longer growing, however, it appears that the rate of that growth has slowed, as Fig 2 shows.

We do not believe this is evidence of any decline in demand for serviced apartments. The factors that make serviced apartments a compelling alternative to hotels remain unchanged from our previous report, with brand recognition and policy compliance ranked alongside traveller/assignee preference in the top three criteria.

However, this shows that corporate adoption has perhaps reached a temporary ceiling. 56% of corporates agree or strongly agree their serviced apartments use has gone as far as it can, based on current needs and supply.

This also suggests that the serviced apartment sector has reached a new level of maturity. Procurement has recognised that a different approach is required when sourcing extended stay properties compared to hotels. Our survey found that fewer corporates now include serviced apartments in their annual RFPs (down 15%), suggesting that serviced apartments have found their niche as a standalone travel category.

Further evidence of growing maturity comes from the changing ways in which corporates procure serviced apartments.

As Fig 6 shows, fewer corporates now book direct with apartment operators, instead using specialist agencies like The Apartment Service, TMCs or RMCs, with 36.84% of corporates mandating an agency channel for apartment bookings.

The point is that procurement is increasingly being managed by agencies

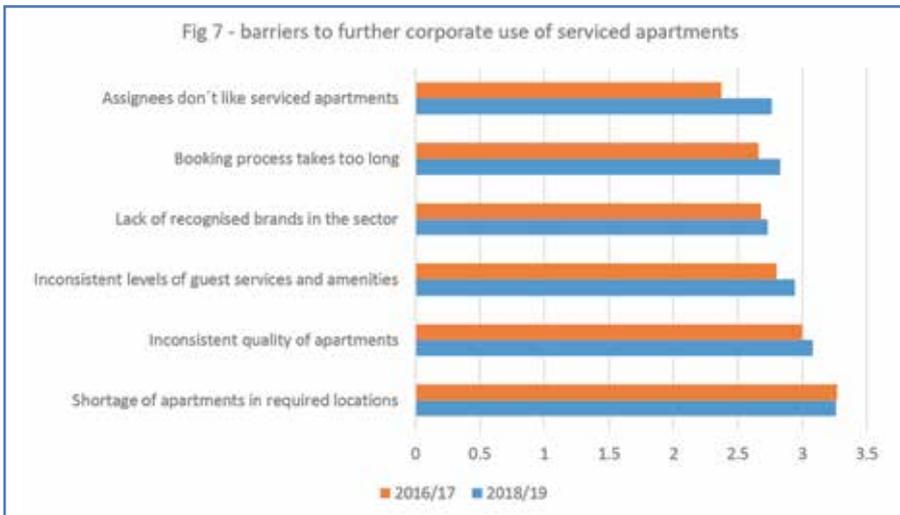
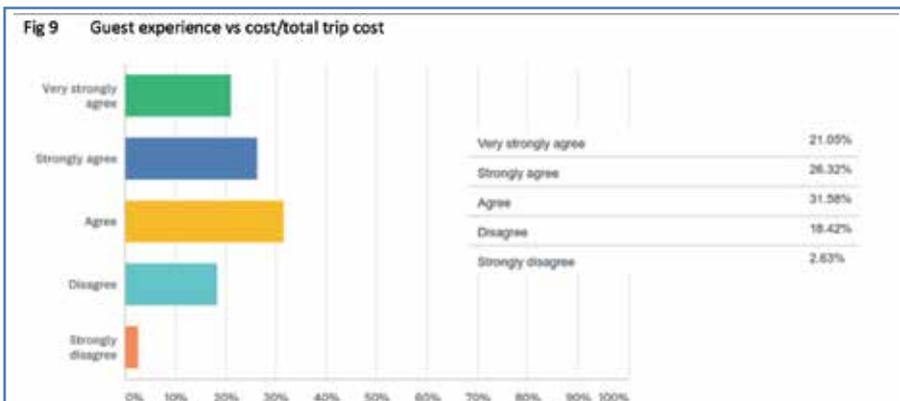


Fig 8 Who can make their own accommodation choices in your organisation.

Everyone can do so, re-claiming expenses within policy/compliance limits	47.37%
Only VIPs/senior management are allowed to do so	13.16%
Everyone must book via TMC/specialist agent) but the traveller can specify their own accommodation choice	36.84%
Everyone must book via TMC/specialist agent who also decides accommodation choice	2.63%



that are already managing their clients' hotel spend, thereby re-affirming wider acceptance of the serviced apartment option, within the supply chain.

The outsourcing of programme management to agents also enables cost and traveller tracking to be consolidated into established reporting tools along with the

other accommodation spend.

A third factor in this growing sector maturity is the latitude afforded to travellers and assignees in making their own accommodation choices. 36.84% of corporates allow travellers to make their own accommodation choices via a mandated agency channel, whilst 47.37% allow

their travellers to select/book their own accommodation, as Fig 8 shows.

Guest experience ranks highly in the list of corporate priorities. As Fig 9 shows, just under half of corporates agree or strongly agree that the guest experience is now as important as cost or total cost of trip in the choice of accommodation provider.

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Personalisation and digitalisation are two travel-sector mega trends that are having a big effect on the serviced apartment product. Traditional reception desks are being replaced with informal seating areas where front desk teams can greet their guests and make them feel welcome.

Some operators hold open evenings for guests to meet and interact with each other. For example, Living Hotels by Derag in Frankfurt, Germany, hosts an open stage evening where street artists and guests alike are invited to entertain in the reception area.

However, traditional barriers to adoption have still to be overcome – especially the shortage of apartments in required locations.

As Figs 9 and 10 show, the sector also needs to deliver more if corporate usage is to break through this glass ceiling. The

accessibility of home share or private rentals as alternatives to both serviced apartments and hotels continues to disrupt. Just over 30% of corporates now allow their travellers/ assignees to use a short-term rental provider, of which 23.63% do so direct whilst 10.53% source via their mandated agent.

However, short-term rental providers are a way off gaining significant traction amongst corporates. 42.11% of those we surveyed claim they do not permit their travellers or assignees to use them, with 28.95% yet put any formal policies in place around their usage.

Did We Whet Your Appetite?

The extract shared here of the report covers just the first 14 pages of the 128 page strong GSAIR 2018/19. This 7th edition again asks more questions than it answers - which is where its value truly lies.

As an eternal optimist, even reading the quote from my CEO, Charlie McCrow, where he discusses the statistics from the survey advising that '56% of corporates agree or strongly agree their serviced apartments use has gone as far as it can, based on current needs & supply' creates a drive in

me to continue to source and supply global programmes to the 44% of corporates that haven't yet seen the light.

Reference

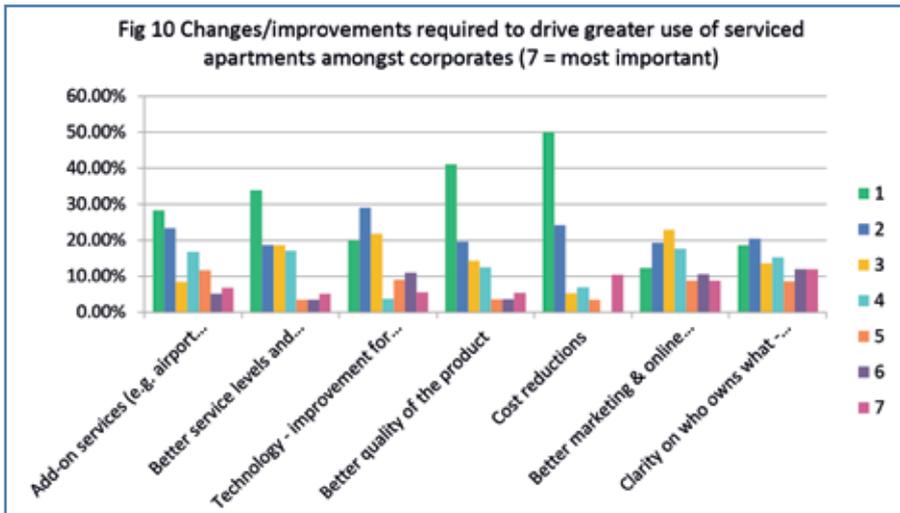
(*the global serviced apartment industry report, published by The Apartment Service - TAS Global)



JO LAYTON

MD Group Commercial Sales, The Apartment Service.

Jo Layton is MD - Group Commercial Sales at The Apartment Service. She has successfully established The Apartment Service's new Alliance brand as part of her overall remit to develop the company's successful agency, network and Roomspace brands. Layton joined from BridgeStreet where she was responsible for sales and marketing throughout EMEA and APAC.



The 2018 Global HR Conference

FOR GLOBAL HR PROFESSIONALS ONLY

Monday 8th October 2018, from 12.30pm – 5pm

The Adelphi Building, Smith & Wollensky, 1-11 John Adam Street, London, WC2N 6HT
Places are limited, so delegates do need to pre-register.

Registration takes place from 12.30pm where you can enjoy complimentary refreshments and network with colleagues in the industry, and the first seminar will start at 1.30pm.

- **Permanent Transfers** - Sponsored by ECA International and hosted by Lewis Turner
- **Global Mobility Trends and Tax Update** - Sponsored by BDO LLP and hosted by Karen McGrory
- **How to Implement a Business Traveller Management Programme** - Sponsored by GT Global Tracker and hosted by Liam Brennan
- **Immigration Update** - Sponsored by Kingsley Napley LLP and hosted by Ilda de Sousa
- **Global Mobility in an Uncertain World** - Sponsored by Santa Fe Relocation

This event is free to attend so if you would like to join us for this educational afternoon please email helen@internationalhradviser.com with the name/s of those who would like to attend, along with their job title and email address.

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