Modernising Perception Of Serviced Apartments

Serviced apartments are enjoying a surge in demand in Asia due to an increase in corporate travel arising from international mobility and new business opportunities. Ironically, this trend occurs simultaneously with cost-cutting measures resulting from the global financial crisis which forced companies to reduce expatriate family relocation packages and instead, resort to extended stay business travel lasting one to six months. Serviced apartments make the perfect accommodations under such circumstances. They are the ideal alternative to hotels, especially in Asia where traditional corporate housing and extended stay hotels are not common and the other usual options for expatriates would be condominiums or rented houses, both of which entail additional costs such as housekeeping, maintenance, security, and perhaps furnishing.

The outlook for the serviced apartments industry is indeed very optimistic as it grows in popularity and acceptance. At the same time, the concept has yet to reach maturity because of traditional misconceptions or lack of awareness in certain markets. After all, it has only been in the last 30 years that serviced apartments have become a viable option and at the early stage, they were not as sophisticated as hotels. For example, when Oakwood Premier Coex Center Seoul opened in 2002, there was not a proper Korean word for the term serviced apartments; the closest was the equivalent of a condo-hotel (which are different in that its units are sold off individually). In India, the concept is only a little more than seven years old, when Hyatt and Marriott introduced their serviced apartment brands to the market. Hangzhou in China still calls them Hotel Apartments, emphasising their similarity to hotels and the prestige attached to the association. Even just as recently as 2009 the market was not convinced of all the advantages that serviced apartments offered over hotels. This was because hotels were offering a multitude of add-ons to clients who were staying one week or more (the period by which they define long-stays) and clients did not feel the need to look for alternative sources of accommodation. But through a series of simultaneous mass and client-oriented education initiatives highlighting the benefits of serviced apartments, they were able to provide an excellent proposition that convinced the corporate sector to expand their mindset and patronise the industry. Clients have been quite happy with their decision and today, many serviced apartments consistently outperform their hotel competitors, comprising major brands, in their cities.

The good news is, the industry is fast evolving and the increase in demand has led to a better understanding of their nature. International brands have helped elevate perception through quality products comparable to upscale hotels.
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Properties with the appropriate licenses have also educated consumers about the availability of serviced apartments for overnight or weekend stays. This enables them to develop the leisure market, which has experienced an increase in patronage especially with the rise in domestic tourism. Local families love a weekend holiday without spending hours driving out of the city and serviced apartments often provide the best option, providing flexibility in terms of space, dining (they can cook in the apartment or order-in) and entertainment (they can borrow books and dvds from the residents’ lounge) - all resulting in added value and cost savings, while providing a range of recreational facilities like a pool, spa and fitness centre which all combine for a fulfilling and enjoyable break for a day or two.

Sales and Marketing efforts from the major players in the industry have significantly enhanced perception and patronage of Serviced Apartments in Asia. This is evident in the move by several major hotel players adding extended-stay products and services to their own portfolio to take advantage of the market growth.

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