

Serviced apartments gain higher profile but will continue to evolve says HVS report

Serviced apartments have gained momentum across Europe as new openings, branding activity and a number of significant transactions have raised awareness of the sector amongst guests, investors, lenders and developers, according to a new report from global hotel consultancy HVS London, a leading expert on the sector.

Speaking at this week's Serviced Apartment Summit [7-8 July] report author and HVS director Arlett Oehmichen MRICS says that while this fast-growing market has become more high profile, moving from being a niche offer towards the mainstream, its rapid and continued growth means serviced apartments are still evolving.

'Looking to the future we are likely to see continued changes in the offer and differences emerging between leading brands. The next generation of serviced apartments is likely to focus on better use of technology, more efficient use of space and a tendency towards smaller units. We have already seen this with Zoku, the new brand from HotelsAhead, which claims to be a home-office hybrid targeting so-called 'bleisure' travellers,' she says.

A survey of potential and existing lenders, operators, developers and investors in Europe, conducted by HVS London as part of the report, suggests the majority are keen to participate in the growth of serviced apartments with the UK, Germany and France proving the most interesting markets.

However, while the survey reveals that a third of investors consider the sector to have become more mainstream, two-thirds believe there needs to be more consolidation, transparency in data, and greater deal volume for it to move away from being a niche market.

The report says the fragmentation of the sector and the number of different offers falling under the serviced apartment umbrella means that it is difficult to obtain comparative information such as occupancy, average rate and operating margins.

'The industry still has some way to go to ensure investors and lenders understand the various business models and terminology used to describe different serviced apartment offers and they need to have data to enable them to more easily compare performance,' said Oehmichen.

'Lenders and investors are in search of quantitative rather than qualitative information in order to fuel the growth of the market with capital.'

This year the serviced apartment sector has already seen some key transaction activity including the acquisition of a nearly 650 units in London by Starwood Capital Group for £206m and the acquisition of The Serviced Apartment Company (SACO) by Oaktree-backed CLSA.

A number of new brands have entered the market too, including Union Hanover's first Urban Villa in West London and CLSA's high-tech Beyonder ApartHotels brand, the first of which is due to open in London in December 2015.

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To download the report Serviced Apartments in Europe: At the crossroads between niche and mainstream by Arlett Oehmichen MRICS please click <http://www.hvs.com/article/7405/serviced-apartments-in-europe-%E2%80%93-at-the-crossroads-between/>

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