

Serviced apartment operators embrace growth as they dare to be different, says HVS report

12 July 2017, London: As the branded serviced apartment sector becomes increasingly crowded some operators are moving away from the original extended-stay concept by embracing short-stay guests and adding a variety of facilities to their offer, according to a new report published this week by global hotel consultancy HVS.

Having surveyed the concepts and plans of 17 key serviced apartment providers, the report reveals there are 10,000 units currently in the pipeline across Europe, of which 37% will open by the end of 2017.

While most established hotel groups now have an extended-stay product, with some expanding through franchising, the majority of operators manage, own or lease properties. Other more distribution-focused groups have increased their portfolio of managed properties.

'The sector is steadily finding its place in the investors' community with a development pipeline that's larger than ever and increasingly includes secondary and tertiary markets,' commented report author Nicole Perreten, senior associate, HVS London.

'As a result brands are having to fight for attention by being creative with the addition of facilities such as communal space or dining areas, often at the expense of kitchens in the rooms. This can also mean that space is used more efficiently, improving profit margins.'

Livinghotel, for example, will have two apartments in Vienna and Vevey with communal kitchens rather than kitchens in the rooms. Bridgestreet has opened its first Stüdyo serviced apartment in London, with shared common spaces, including kitchens, and is about to open its first Stow-Away property consisting of 20 prefabricated modular microapartments. Ascott has just announced a new lifestyle brand called lyf, aimed at millennials, while Visionapartments is embracing the digital currency by accepting payment via Bitcoin.

According to the report the majority of pipeline openings are in the UK (41%), with Germany accounting for 32%. In the UK London remains the top spot, with Manchester and Edinburgh also popular, along with Dublin in Ireland.

'Our survey of operators confirms this product can be operated very efficiently with high GOP margins as a result of low staffing levels and few additional services. However more hotel type services may become popular in the future as the sector continues to grow,' said Perreten. **[ends]**

To download The Serviced Apartment Sector in Europe, No longer the underdog? by Nicole Perreten please click <https://www.hvs.com/article/8044-the-serviced-apartment-sector-in-europe-no-longer-the-underdog>

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About HVS

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