

# QUALITY ASSURANCE

AN OVERARCHING STANDARDS SCHEME PLUS  
GLOBAL THINKING ARE KEY TO KEEPING  
PACE WITH GROWTH

**IF PATIENCE IS INDEED A VIRTUE**, then James Foice, managing director of the 124-member Association of Serviced Apartment Providers (ASAP), should be in line for sainthood.

For what seems like an age, Foice has been banging on about the merits of some sort of quality kitemark for serviced apartments and – at long last – he appears to have been proved right.

With just a hint of ‘told-you-so’ glee in his voice, he recently revealed that an as-yet-unnamed major corporate has signed up to the notion of ASAP’s Quality Assessment Programme (QAP). “A number of corporates have woken up and seen what we are trying to achieve,” he told *Buying Business Travel*. “Now, one of them has indicated that quality-accredited members will be built into the company’s travel policy – if you’re not accredited, you go to the bottom the list.”

Historically, travel buyers have been chary of booking apartments, partly because of the old minimum-stay requirements – which have now, in many cases, been relaxed or dropped if not abandoned altogether – but largely because of a perceived lack of product consistency.

## MEETING THE CHALLENGES

QAP goes a long way to overcoming that latter challenge. As well as ensuring that properties meet basic health and safety requirements and that operators’ business practices are robust, QAP assessors stay in apartments and score their experience.

The assessors get to stay in an awful lot of apartments. “A minimum sample of 10 per cent of the operator’s portfolio will be assessed in order to ensure consistency throughout the portfolio,” ASAP promises.

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More than 50 UK and Ireland operators have so far been given the ASAP seal of approval and, significantly, Foice is exporting the idea overseas. In April this year, ASAP’s US counterpart, the Corporate Housing Providers Association (CHPA), agreed to work with ASAP to create the International Serviced Apartment Accreditation Programme (ISAAP) which, it is hoped, will eventually go global.

Pam Wade, vice-president of Atlanta-based Gables Corporate Accommodations (GCA), which has become the latest company to join and qualify under the ASAP/CHPA pilot accreditation scheme, says: “Not only do we believe it is important to have a code of conduct for our industry to maintain quality control and benefit our clients, but we also believe that, with sharing of best practices and ideas, we can continue to provide the best in service, while maximising our deliverables.”

“The objective is not for ASAP to conquer the world,” Foice insists. “This is very much a collaborative exercise. As well as the US and Canada, QAP is being introduced in Brussels; Switzerland will be coming soon; and the Netherlands, Spain and Portugal within the next few months.

“The next step will be to take the idea to the Middle East and then farther east – we will license the QAP concept to anyone who is interested in taking things further.”

Conquering the world may be off the agenda, but the ASAP’s partnership with the CHPA is a big step towards establishing a global standard.

## BOOMING MARKET

According to the CHPA’s latest *Corporate Housing Industry Report*, US corporate housing revenues were US\$2.73 billion in 2014, a 4 per cent increase over 2013. ASAP reckons the UK industry generates revenues of around £500 million a year.

In the Middle East, commercial real estate firm Colliers International reckons the market is booming, with Sharjah, Saudi Arabia and Qatar leading the way as key growth areas. By 2017, the company has forecasted that Sharjah has the potential to fill more than 2,800 new apartments, while in Saudi Arabia, Colliers says a “considerable gap” in standards between the locally-branded furnished-apartment supply and internationally-branded apartments means Saudi would need nearly 6,500 new units by 2017, primarily in Makkah (Mecca) and Jeddah.

At Oakwood Worldwide, EMEA managing director Debbie Landon says globalisation is driving demand: “According to a recent global mobility survey by Ernst and Young (EY), 70 per cent of global growth over the next three years will come from emerging markets. The survey indicated that China and India will account for 40 per cent of that growth, and Asia has been a huge area of growth for Oakwood in recent years.” She adds: “We are looking to double our current branded portfolio of 28 properties in APAC in the next three-to-five years.”



Oakwood Great Tower Street

Lundon adds she's also seeing demand growth in major European business hubs, and that a global sourcing programme is responding to client needs for new locations "by sending our supplier management team to research and assess potential properties for their suitability. In EMEA, new locations we've added include Namibia, Finland and Azerbaijan."

Singapore-based The Ascott Limited is also in a similarly expansionist mood. It has secured ten new contracts in China, Jakarta, Bangkok and Sri Racha in Thailand as well as Muscat in Oman, taking it to more than 41,000 units in 270 properties across 91 cities in 25 countries, and cementing its position as the world's largest international serviced residence owner and operator. The company will open 15 more properties this year, and aims to double its portfolio to 80,000 units by 2020 – 20,000 of them in China.

Frasers Hospitality, also based in Singapore, has developments planned over the next two years including in the Middle East, China, India, Malaysia and Europe – Geneva will see 74 new apartments in the former Rolex headquarters building, in December this year.

#### HEARTS AND MINDS

Such massive expansion, into what, in some cases, are relatively uncharted territories, surely underscores the need for some sort of global marque, but not everything in the serviced apartment garden is rosy – particularly here in the UK. QAP is beginning to capture corporate hearts and minds, but there remains a major, more general, awareness issue.

Global real estate firm Savills recently published a survey of more than 200 UK-based consumers, revealing 41 per cent don't know what a serviced apartment is,

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while 57 per cent don't understand the term 'aparthotel'. For business travellers these figures of 'unawareness' were lower – 28 per cent for serviced apartments and 48 per cent for aparthotel – but still significant and concerning for those in the corporate travel sector.

Of the total survey sample, 77 per cent were unable to name a single serviced apartment brand or operator.

In one sense, the revelations come as music to Foice's ears. He reckons that if 40 per cent of the population has still to "discover" serviced apartments, over-capacity is not going to be an issue any time soon. In another sense, of course, the lack of awareness of the serviced apartment concept – particularly within the business travel fraternity – suggests there is a great deal of promotional and marketing work to be done.

Commenting on her company's research findings, Savills' commercial research director, Marie Hickey, said: "Brand development and concept awareness in the serviced apartment sector has picked up pace in recent years, but we believe that there is still some way to go. Strengthening both will make ▶

#### IN BRIEF

■ Jumeirah Group, whose London operations include Grosvenor House Apartments by Jumeirah Living, has signed a two-year preferred partner agreement with the Royal Albert Hall. The firm says the deal means guests will get exclusive access to tickets, events and backstage tours. The 130-residence Grosvenor House Apartments is a member of the American Express Fine Hotels and Resorts (FHR) programme, which offers Amex platinum cardholders benefits and special rates at member properties.

■ Oakwood has added a 22-apartment building in London's Marylebone with a choice of studio, one- and two-bedroom units. Debbie Lundon, EMEA managing director for Oakwood, said: "As the demand for serviced apartments in London continues to grow, Oakwood Marylebone allows us to continue providing our clients with a wider choice of locations to meet their needs."



Grosvenor House Apartments, Park Lane, London, by Jumeirah Living

consumers more familiar with the product and its advantages over a hotel for certain types of trip, widening demand as a result.”

#### APARTHOTELS vs APARTMENTS

It’s not just the end-users who have yet to come to terms with the serviced apartment concept – according to hospitality industry consultancy HVS, lenders are still struggling with the proposition.

In a July 2015 report, HVS London director Arlett Oehmichen said potential lenders are more interested in aparthotels than apartments. “Lenders active in the

sector do not yet consider serviced apartments to be mainstream as they struggle to understand the sector due to the lack of benchmarking data and fragmentation – this is a clearly-voiced concern both from lenders already active in the sector and aspiring lenders.”

If the punters don’t know, and the banks don’t understand, the industry should be on its knees, but Oehmichen is careful to distinguish between “lenders” and “investors”. “Operators and investors/developers feel more comfortable with the sector,” she said, citing HVS research that

suggests that 57 per cent of investors say the serviced apartment sector is no longer a niche business.

HVS’s snapshot of the development pipeline certainly bears that out. Between 2016 and 2018, the consultancy has identified 45 new projects in Europe alone, 22 of which are said to be “under construction” and a further ten “under development”, with others at the planning stage.

Of those, 23 projects are under way in the UK and a further nine in Germany, Europe’s most mature markets. Next year alone, HVS reckons, around 3,400 ▶

## SERVICED APARTMENT SUMMIT

**IN LINE WITH ASAP’S EXPANSIONIST AMBITIONS,** the Serviced Apartment Summit – media partner, a certain *Buying Business Travel* – is to spread its wings to the Middle East and Africa, and North America.

The Middle East/Africa version takes place in Dubai, at The Fairmont on the Palm,

from October 26-27, while the North American offshoot will be held in New York in April next year.

Piers Brown, chief executive of International Hospitality Media, which organises the annual London event, says: “There was a record quality turnout for this year’s Serviced Apartment

Summit [in London], indicating that demand continues to grow, and that owners and operators are keen to get the product right, and market it more efficiently and effectively.

“Over-supply in some key cities puts pressure on smaller operators, although I see lots of scope

for expansion in emerging markets globally, and in secondary and tertiary markets at home and abroad.”





**Above:** Staybridge Suites, Liverpool. **Below:** SACO, Bristol Broad Quay

#### IN BRIEF

■ Following its merger with US-based Oaktree Capital Management's serviced apartment business, SACO next year launches its new Beyonder aparthotel brand. First to open, in February, will be an 80-unit property in London's Cannon Street, followed by properties in Edinburgh, Glasgow and Aberdeen.

■ Staycity, which will open a 174-apartment property in Birmingham's Jewellery District in November, will add 106 studio apartments in London's Covent Garden next year, when it also plans to open further properties in London, Manchester and York.

■ Prestige Apartments has moved into the award-winning Cube Building in the City of London's Banyan Wharf. Overlooking part of the Regents Canal conservation area, the nine one- and two-bedroomed apartments are spread over five floors.

new units will come on stream, nearly 2,000 of them in the UK – and the list is not comprehensive.

So what do the providers themselves think of the state of the market? Ben Harper, sales director at SACO, has no doubts about the prospects. "The landscape has changed in the last 12 months alone," he says. "All the efforts and commitment to raise awareness and demand for our serviced apartments over the last decade have come good; the property investment community now sees serviced apartments as an exciting asset class. SACO's merger with Oaktree is a case in point and gives us the opportunity to invest and develop.

"Supply will increase and clear industry leaders will emerge, creating brand clarity, awareness and competition, which from

"All the efforts and commitment to raise awareness and demand for our serviced apartments over the last decade has come good"

a corporate buyers' perspective can only be a good thing.

"We will see serviced apartment providers push for a larger share of the overall hospitality mix, investing in brand, ►



Top: Skyline, St Dunstan's Court, Holborn. Below (l-r): Oakwood Farringdon, Oakwood Marylebone

distribution and technology in order to compete for both the business-to-business and consumer segments.

"The challenge," he concludes, "is to keep up with the pace of change and maintain focus on the fact that we're in hospitality, so guest and client satisfaction is the key to our success."

SACO itself is gearing up for what Harper describes as "a significant phase of growth", with new aparthotels opening in London, Edinburgh, Aberdeen, Dublin, Glasgow and Amsterdam in the coming two years. The first, a new 80-unit aparthotel in London's Cannon Street, opens in February 2016. Harper adds that his firm's research and client feedback show key priorities for customers include "an easy, conventional booking process, super-fast broadband, safety and security, and, of course, value."

"The challenge is to keep up with the pace of change and maintain focus on the fact that guest and client satisfaction is key"

In London, Grosvenor House Apartments by Jumeirah Living has seen "strong growth in corporate guest numbers over the past year", which it believes is partly driven by "prices creeping into the luxury hotel end of the apartment spectrum

despite the lack of accompanying service" – while many hotels don't offer the space of an apartment. Hence, it says, a model offering that space with five-star hotel services is proving popular with corporates.

#### SAVVY TRAVELLERS

At The Apartment Service (TAS), managing director of group commercial sales, Jo Layton, says buyers are becoming more savvy – and more demanding. "Demand continues to grow for serviced apartment operators and agents, as travellers continue to realise the benefits of the extra space and independence that an apartment has to offer during an extended stay," she says.

"The global, regional and local buyers are continuing to refine and define their serviced apartment programmes, and are ▶



Above: TAS Kinnaird Court, Esher. Below: TAS The Quadrant, Richmond

now quickly starting to understand and to challenge, even more confidently, the four models of apartment providers that are currently available in the market today – an agent, an operator, an operator/agent, or an alliance.

“Buyers who are looking for global coverage require systems that can provide them with real-time data, and reporting that can supply information to help them make immediate and effective decisions for their companies. They now demand programmes that provide coverage, traveller tracking, data, system access and 24-hour guest services. These are the entry points to be able to sit at the table to provide global services in this fast-moving industry.”

It may be approaching its second anniversary, but Layton insists the core values

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and goals of the TAS Alliance (which unites its members under a single representation, distribution and marketing platform) remain the same as they were at launch: “To ensure that the Alliance is able to deliver the expected value and benefits to our members and partners across the globe.” ▶

#### IN BRIEF

■ Go Native, which has already opened three new London properties this year – in Hoxton, America Square and Ludgate Square – is to open a 70-unit building on the capital’s South Bank next year, and a further City of London property at a date yet to be fixed.

■ August saw Clarendon Serviced Apartments announce the opening of the latest addition to its 200-plus London portfolio – a mix of one- and two-bedroom apartments in Covent Garden’s Garrick Street.

■ Skyline Worldwide, which already manages more than 30,000 apartments in 84 cities in 26 countries, has opened four new London properties – with more than 140 apartments – with two more in the pipeline.

■ Intercontinental Hotels Group (IHG) said in its interim first half-year report for 2015 that the growth of its extended-stay brands had “accelerated”, with the highest number of openings and signings since 2010. It said more than 100 Staybridge Suites properties are in the pipeline.



Skyline, Roman House, London

Systems, support, training and marketing have all been “tiered” according to the requirements of the individual partner or member. “The key differentiator is that being part of the TAS Alliance allows operators to own their local relationships and access global systems and tracking,” says Layton.

#### DEMANDING MORE FOR LESS

Product and service inconsistency, actual or otherwise, have long been a bone of cor-

porate contention. Those travel buyers and managers who have grasped the apartment nettle are becoming increasingly picky: demanding more, and usually for less.

End-users – at least those who know what a serviced apartment is – are demanding better, faster connectivity and an improved guest experience. Brand awareness has improved, but there is still a way to go.

Lenders, unconvinced that the apartment sector is anything more than a niche business, make market entry difficult, and

Product and service inconsistency, actual or otherwise, have long been a bone of corporate contention

the big-name aparthotel and extended-stay operators are beginning to make their mark on this side of the Atlantic, potentially threatening smaller operators.

If this were *Dragons’ Den*, Peter Jones and company would be chorusing “and for those reasons, I wish you well, but I’m out”.

Go back to that Savills survey: “The real positive for the sector going forward is the fact that business visitor numbers, on the whole, are yet to return to pre-recession levels. This suggests that there is still a considerable upside.”

That “considerable upside”, as James Foice would doubtless testify, has been a long time coming. However, it looks as though it’s on its way. Can sainthood be far behind? ●

## SERVICED APARTMENTS – A POCKET GUIDE

#### A RECENT STUDY BY ONLINE BOOKING AGENCY LATEROOMS.COM

suggested that 47 per cent of business travellers work less effectively when they are away from home and office.

Susan Cully is managing director of Marlin Apartments. Here she gives her five-point “buyers’ guide” which, she argues, shows how apartment life can improve employee productivity.

**Free and reliable wifi connectivity:** Cully cites an Egencia survey, which

indicates that 67 per cent of business travellers now reckon that connectivity can often mean the difference between a productive day and a wasted day. Beyond business, she says, a reliable broadband connection allows travellers to keep in contact with friends and family.

**More space for working, entertaining or relaxing:** “Cramped conditions, or a feeling of being shut in are often reported as reasons why work productivity suffers,” she says.

#### Location, location, location:

Cutting commuting time is key. “That extra half-hour in bed makes all the difference,” says Cully.

#### Corporate assistance:

From photocopying and printing facilities to personal assistance services, some accommodation providers can give a helping hand, enabling business travellers the chance to focus on their work.

**The kitchen:** While business travellers can choose to dine

out, apartments give them the option to prepare their own meals and snacks – which, in the long run, can save employers a great deal of money.

**Conclusions:** “Business travellers often reveal that they have chosen to stay with us based on how our apartments facilitate productivity,” says Cully. “We pride ourselves on ensuring our apartments are business-friendly and we constantly look for new ways to take this one step further.”



#### HAVING LED THE WAY IN THE UK EXTENDED STAY MARKET

with the opening of Staybridge Suites® Liverpool in 2008, InterContinental Hotels Group (IHG) has since launched properties in Birmingham and Newcastle-upon-Tyne, plus two in London, including the most recent opening of Staybridge Suites® Vauxhall. Staybridge Suites® combines all the reassurance of IHG’s respected brand name – reliability, innovation and great service – with all the comforts an extended-stay guest could ask for, and always in convenient, central locations.

Use of serviced apartments and extended stay hotels is increasing as companies realise the immeasurable advantages to travellers, who enjoy more space, the ability to entertain – professionally or socially – and greater freedom and flexibility than they would elsewhere. The success of its hospitality model ensures no stone is left unturned so every guest requirement is met.

Staybridge Suites has won a bevy of awards, including being ranked the No. 1 hotel in Newcastle on TripAdvisor and Serviced Apartment of the Year at the Liverpool City Region Tourism Awards for three years in a row. However, repeat business is the ultimate accolade and Staybridge Suites guests keep coming back for more.

Travellers who are away from home for any length of time are looking for home comforts alongside business practicalities. Staybridge Suites

accommodation has fully equipped kitchens, free wifi and a comfortable sitting area with desk. A range of room sizes caters for all requirements, with studio, one-bed and two-bed/two-bath suites.

Free hot breakfast ensures a good start to the day and each property has a 24-hour business centre, fitness room, laundry room and The Pantry, a 24/7 convenience store, so that guests do not have to find their way to the nearest supermarket to buy the basics.

Working away from home can be a lonely experience. To allow guests to socialise in a relaxed environment, Staybridge Suites managers host an informal evening reception three times a week. A fireplace and complimentary food and

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drinks complete the picture; and at the Vauxhall property, there is even a resident dog – labradoodle Waggies – to take for a walk.

Staybridge Suites aims to offer the best of all worlds, striking the balance between the full service of a hotel and the hands-off feel of many serviced apartments. The public sitting area and dining room are open plan, and are complemented by a more intimate snug area, with TV. The latter was a unique design in the first Staybridge Suites in Liverpool but was such a success, it has been included in subsequent properties. This is typical of Staybridge Suites’ culture: good service delivered in a thoughtful, personalised, considerate fashion – the epitome of great hospitality.

