

# The Rise of Serviced Apartments in the United Kingdom

BY ALISON HULL

*Corporate housing, or serviced apartments as this business is referred to in the United Kingdom, is emerging rapidly as the leading choice of accommodation for talent on the go. Hull offers an overview of why many assignees and business travelers are opting for serviced apartments.*

In today's global economy, business travel and mobility increasingly are becoming a more common part of life. It is fair to say that in the United Kingdom (UK), hotels traditionally have dominated as the primary choice of accommodation for business travelers, despite the arduous process of living out of a suitcase and ordering room service. However, during the past few years, travelers have become more aware of the options available to them, and corporate housing or serviced apartments (as they are known within the UK), have emerged as a prominent alternative.

With a focus on comfort, lifestyle, and value for money, serviced apartments are becoming increasingly popular with the corporate world. Businesspeople on both short-term and extended business trips or families relocating to the UK have found their needs better satisfied in the more relaxed environment provided by serviced apartments.

George Westwell, director of Cheval Residences, agrees: "While factors that have always been key—such as location and accessibility—are still just as important, the net has now been widened to incorporate many more elements, for example, the level of privacy offered, the space provided, and the flexibility of the lifestyle."

Despite the global recession, which forced many companies to cut back on travel expenses, between the years 2005 and 2010, serviced apartments consistently outperformed hotels with occupancies at 87 percent—compared to 80 percent for hotels. The latest figures released from the Association of Serviced Apartment Providers (ASAP) also reveal an excellent beginning to 2011, with an average of 79 percent occupancy in London.

## Value for Money

These figures are a testament to the fact that serviced apartments have

garnered the reputation of providing excellent value for money—a major consideration for corporations in the current economic climate. A "price per square foot" comparison of five-star London hotels with top-end serviced apartments reveals an astonishing discrepancy. Moreover, when broken down to room rates for a single night (although many apartments have a minimum stay of seven days) the savings that can be made are obvious.

## Recognizable Option

The recent surge in popularity of serviced apartments can be explained partly by the increased visibility and understanding of the sector. People are beginning to distinguish between serviced apartments and other accommodation solutions, and are more aware of the choices that are available to them. This clarity has been driven largely by VisitBritain, the tourist board of Great Britain,



introducing a grading system for serviced apartments. The grading system for serviced apartments looks at similar criteria as the hotel industry, which is graded by the “star system.” Apartments are graded according to general fixtures and fittings, arrival process, handling of reservations, cleanliness, and general services.

BridgeStreet, a major serviced apartment provider in London, has graded properties within its own portfolio and now offers 3-star, 4-star, and 5-star properties. The separate tiers provide more distinction and allow consumers an even clearer choice. 3-star properties provide basic, practical convenience while 4-star properties, which make up the majority of BridgeStreet’s portfolio, encompass more comfort and additional services and are a popular choice with relocating families. Cheval Residences, which says it represents the top-tier of the market, also

has recognized the importance of developing greater clarity for their brand, where in June 2010 “The Cheval Group” became “Cheval Residences.” Westwell surmised: “The term ‘residences’ is more

global and gives a clearer message to our consumers. We are on the cusp of completing the new brand standards and have started a training academy for staff, which provides both physical and e-learning to ensure consistency in all brand messages.”

The development of ASAP in 2002 also has been a massive boost to the industry, helping to promote, clarify, and develop serviced apartments throughout the UK and internationally. At present, there are 44 registered members representing in excess of 7,500 properties, which are committed to providing standards of quality and driving forward the development of the industry.

Taking steps toward demystifying

the serviced apartment sector has resulted in obvious successes among guests and have been hailed by all in the industry. Sales and marketing executives now have a much simpler task in promoting and differentiating their products, and the process of booking accommodations has become clearer for HR departments as well as individuals.

### 2012 Summer Olympics

Although hotels will be gleefully anticipating an influx of tourists in the upcoming 2012 Olympics, serviced apartments, on the other hand, are viewing the “temporary phenomenon” with less importance. BridgeStreet has been working with the London Organizing

Committee of the Olympic Games (LOCOG) to an extent, but admits it is far more interested in developing its ongoing relationships with clients, and aims to provide the same service to its loyal customer base throughout this period. Similarly, Cheval Residences said its existing client base is more important, and declined to go down the LOCOG route. In fact, serviced

apartments are expecting many of their normal customers to avoid the capital during this frantic time and return to places such as Hong Kong or New York instead.

An interesting survey by Cheval Phoenix House of 1,400 guests revealed an insight as to the top groups who opt for serviced apartments. The driving customer base was business travel (32 percent) and mobility (16 percent). There also were a large proportion of general leisure travelers (22 percent). However, the other main groups identified included celebrities wishing to remain incognito (7 percent), overseas students (7 percent), guests requiring accommodation while their own homes were refurbished (7 percent), and even people seeking

rehabilitation following plastic surgery (1 percent).

### Looking Forward-Expansion

The demand for serviced accommodation is clearly on the rise, and providers are responding by developing and extending their portfolios. Construction on Cheval Three Quays will begin in summer 2011, and will incorporate 158 new apartments. Skyline Worldwide Accommodations also will be taking on an additional 20 units in the London during the first half of 2011.

While serviced apartments in the UK are largely London-centric, there is an ever-growing presence in larger cities such as Glasgow, Edinburgh, and Manchester. However, in more regional areas such as East Berkshire,

demand is clearly growing as corporate clients and their employees become more enlightened about the positive benefits of serviced accommodation.

With so much choice, how do you know you when you have found the right solution for your accommodation needs? Providing you have researched, asked the right questions, and ensured you would be getting the right services: go with your instincts, as they are rarely wrong.

One thing that is guaranteed, once you have experienced the benefits of staying in a serviced apartment you will never want to stay anywhere else. //

**Alison Hull** is managing director with Luxe Public Relations, London, United Kingdom. She can be reached at +44 (0)20 7313 4501 or e-mail [alison@luxep.com](mailto:alison@luxep.com).



We'll bend  
over backwards  
when it comes to helping  
you find short-term  
accommodation  
for your clients.

Whether you are managing a small or a large relocation assignment, as the largest European provider of quality serviced apartments for both individuals and corporate groups, we are perfectly placed to help you find the right housing solution.



THE  
**APARTMENT  
SERVICE**  
WORLDWIDE

Experience Matters

Call: +44 (0) 20 8944 1444 or visit: [www.apartmentservice.com](http://www.apartmentservice.com)