



Aparthotels, generally, are defined as full-service residential complexes that offer apartment-style accommodations and utilize real-time booking systems to process reservations. They provide turnkey accommodations akin to apartments, including fully-equipped kitchens with full-size appliances, spacious layouts, and convenient access to washer/dryers.

Unlike the typical apartment lease, aparthotel contracts provide maximum rental flexibility that require limited-commitment agreements, and, oftentimes, no fixed contracts whatsoever. Occupants can depart at any time with little to no financial penalty, subject to relevant length of stay requirements. Required length-of-stay varies from a single night to several months (or even years).

**It's What People Want**

The buying population largely utilizes aparthotels as long-term accommodations. Phocuswright, one of the world's leading travel industry research authorities, notes that three of the top five reasons for selecting an apartment-style rental include more room/space, access to a full kitchen + laundry, and a "home-like" feel.

While the word "Aparthotel" is the predominant term that defines the product offered in Europe and Asia, the marketplace offerings in the United States are more often referred to by players as "extended-stay" products.

The extended-stay space is mature in both Europe and Asia. The United States, however, has generally lagged behind, relative to the rest of the world, until the turn of the 21st century, and has been expanding quickly since then.

**A Recognized Need**

During Hilton's 1Q23 earnings call, CEO Chris Nassetta spoke directly regarding plans for Hilton's launch of a new extended-stay brand, with sights set on scaling to hundreds of properties. "There are so many workforce housing needs that are just unmet with this kind of product, for somebody who needs to be somewhere 30, 60, 90, 120 days. So, you're talking about an average length of stay of probably 20 to 30 days". This length of stay preference is right in the sweet spot of the relocation and mobility industries.

In lockstep with Hilton, Hyatt, the fifth largest hotel group in the United States, announced plans for a new extended-stay chain in April, as well, citing interest from a multitude of developers and pointing to research from the Highland Group. "Demand for extended-stay is outpacing supply in most U.S. markets. That's the most critical factor", said Mark Skinner.

**What This Expansion Means to Relocation**

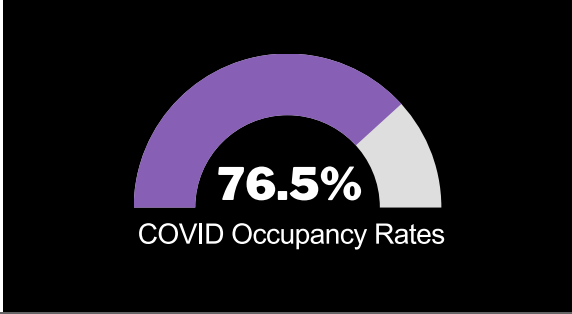
Continued expansion of extended-stay inventories will provide corporations with increased housing optionality and relieve a growing pressure on supply/demand that has been burgeoning with the return of leisure travel.

While inflation will continue to bring prices higher Y-O-Y, equilibrium prices will rise more gradually, supporting growing initiatives for cost containment. Stabilization of prices will track the global economy's path towards a lower-inflation environment, and will likely track interest rate reductions from the world's central banks.

Expanding extended-stay inventories will immensely benefit relocating travelers, particularly families, who will enjoy increased choice, newly built product, options closer to desired locations, and easier access to apartment-like furnishings/amenities.



*"Extended-stay hotels over the last 20-plus years have achieved occupancy ranging from 10-14 percent above the overall hotel industry. The Revenue Per Available Room (RevPAR) trends from year to year are similar over these 20 years."*  
Mark Skinner, Partner  
Highland Group



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Hilton



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