

2024

An Independent Review of the Role and Value of Serviced Apartments in the UK

Photo credit: Cheval Collection



About ASAP

The Association of Serviced Apartment Providers (ASAP) is the not-for-profit trade body representing Serviced Accommodation Providers, who collectively operate over 100,000 apartments in 21 countries and offer over 3 million bed nights per year. ASAP is proud to be the first and only membership organisation for the professional serviced accommodation sector.

BONARD

About BONARD

BONARD is a global research and advisory firm specialising in rented residential asset classes. With a focus on providing independent data, the company empowers stakeholders to make informed investment decisions and shape effective policies. Over the past 15 years, BONARD has developed sector-specific methodologies, an extensive inventory of data, and expertise.

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Introduction

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Introduction

Serviced apartments have emerged as one of the most rapidly expanding real estate asset classes within the UK.

Positioned strategically between traditional hotels and the private rental sector, serviced apartments offer comprehensive and flexible accommodation solutions to a diverse range of clientele. They cater to tourists, business travellers, international professionals relocating to the UK, and individuals in need of emergency housing.

Compared to hotels, serviced apartments typically provide more spacious rooms and additional living areas, which makes them better suited for longer term rentals. Distinguished by their professionally managed premises, serviced apartments also differentiate themselves from other short-term accommodation options listed through platforms such as Airbnb, Expedia, VRBO and so forth.

Despite their growing prominence, this segment of the hospitality market currently lacks commensurate data and representation compared to other accommodation sectors.

The Association of Serviced Apartment Providers (ASAP), a non-profit organisation dedicated to representing serviced apartments, is committed to advancing the sector's interests. This includes

safeguarding the operational integrity of member businesses while ensuring a superior experience for both domestic and international guests who opt for serviced apartments as their preferred choice.

In response to the UK government's consultation on short-term lets regulation, ASAP initiated an independent study. It commissioned BONARD, a research and advisory firm specialising in global rental asset classes, to define the role and value of serviced apartments in the UK.

BONARD focused on establishing a clear definition of the sector and compiled a database of serviced apartments currently operated in the UK. Furthermore, it collected primary data to quantify the sector's economic and social contributions.

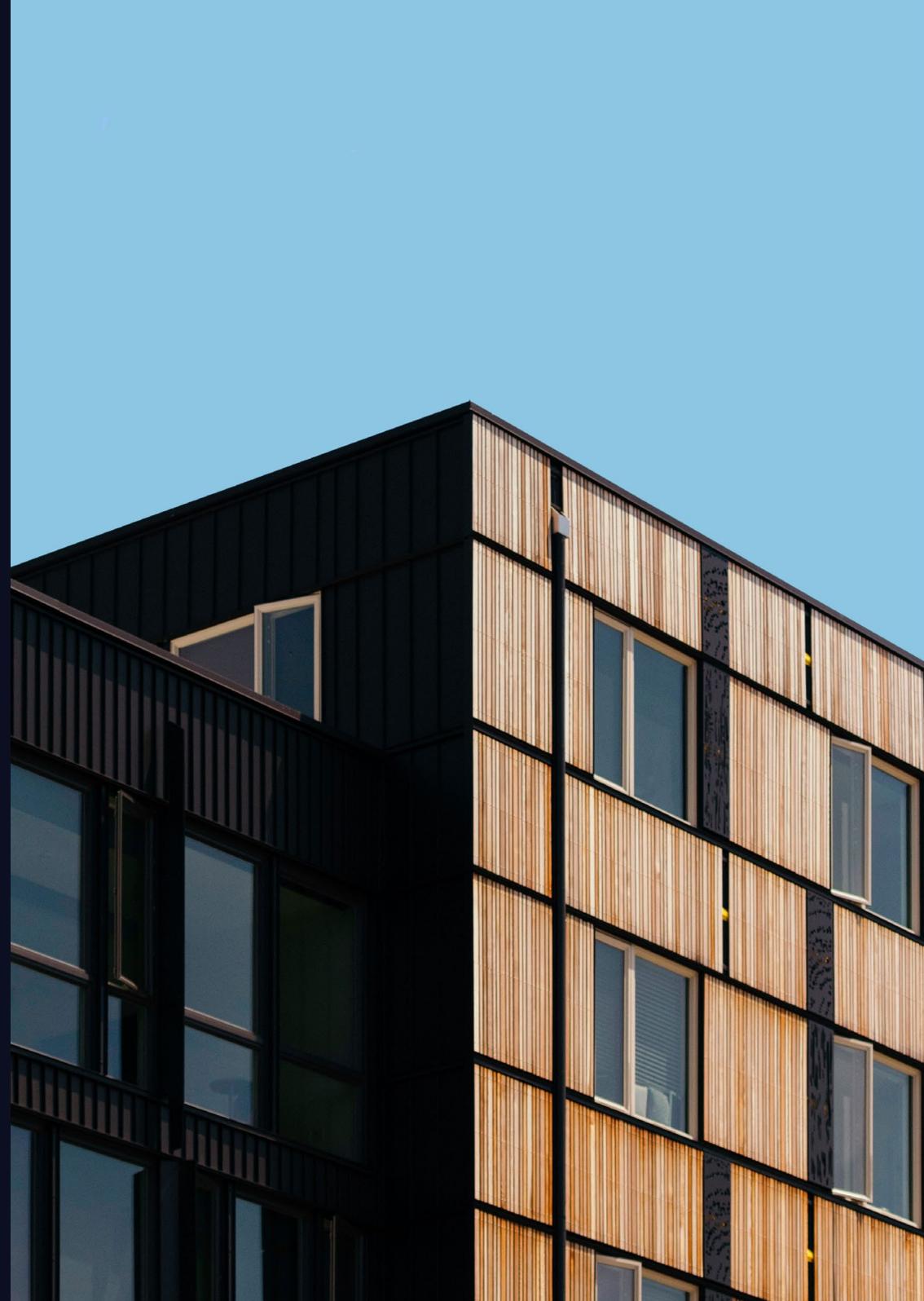
This study brings to light new insights on market dynamics, customer profiles, their underlying motivations, and the sector's substantial role in both the UK economy and local communities, providing policymakers with a comprehensive view to guide regulatory decisions.

As such, the report offers evidence-based recommendations to ensure that it can sustainably develop to its full potential and continue benefitting the economy and local communities.



Methodology

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Methodology

The report presents findings from an extensive and comprehensive research endeavour carried out from July to December 2023.

A pivotal aspect of the project's inception involved elaborating a precise definition that encompasses the breadth and complexity of the serviced apartment sector. To achieve this, BONARD undertook an industry literature review and engaged in stakeholder consultations.

Based on existing best practices, serviced apartments can be defined as self-contained accommodation units that offer an array of hotel-like services such as regular housekeeping and flexible lease terms.

BONARD's methodology for market sizing involved examining existing resources, conducting additional desktop research, and consulting multiple references. The process included a review of internal data, reports from brokers, information shared by various agents and data scraping from online advertisement platforms.

Subsequently, the research team curated a bespoke database of serviced apartments in the UK.

To assess the sector's value in the UK, BONARD launched an online survey targeting serviced apartment operators. The survey garnered responses from 28 providers, collectively representing an estimated 13% share of the UK overall market. These insights shed light on providers' operations, client profile, and financial performance.

BONARD also engaged in a series of industry stakeholder interviews and participated in consultation sessions alongside ASAP's data and policy groups.

The research was conducted in compliance with the *ICC/ESOMAR International Code on Market, Opinion and Social Research and Data Analytics*, ensuring ethical and methodological rigour throughout the study.

BONARD extends sincere gratitude to all organisations that contributed to this study, as their participation was instrumental in shaping the previously unavailable insights presented in the report.



Comprehensive sector mapping



Industry survey



Stakeholder interviews and consultations



Executive Summary

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Photo credit: Edyn

Executive Summary

Often described as a “home away from home,” professionally managed serviced apartments offer accommodation solutions that combine a flexible lease with a range of hotel-like services and amenities, including a private kitchen or kitchenette, laundry facilities, housekeeping services, and separate relaxation and work spaces.

Traditionally popular among business travellers and professionals relocating abroad, serviced apartments are also gaining popularity among tourists, especially those who prefer self-contained accommodation over a standard hotel room and value the sector’s standards compared to other short-stay options advertised online by private hosts.

The sector plays a vital role in supporting tourism and international trade, both critical industries for the UK economy. With a growing understanding of its specifics among investors, developers and operators, serviced apartments have established themselves as a distinct part of the hospitality industry.

This report represents an effort to systematically measure the sector and navigate its future development.

Market supply in the UK

The mapping exercise reveals the presence of over 56,700 serviced

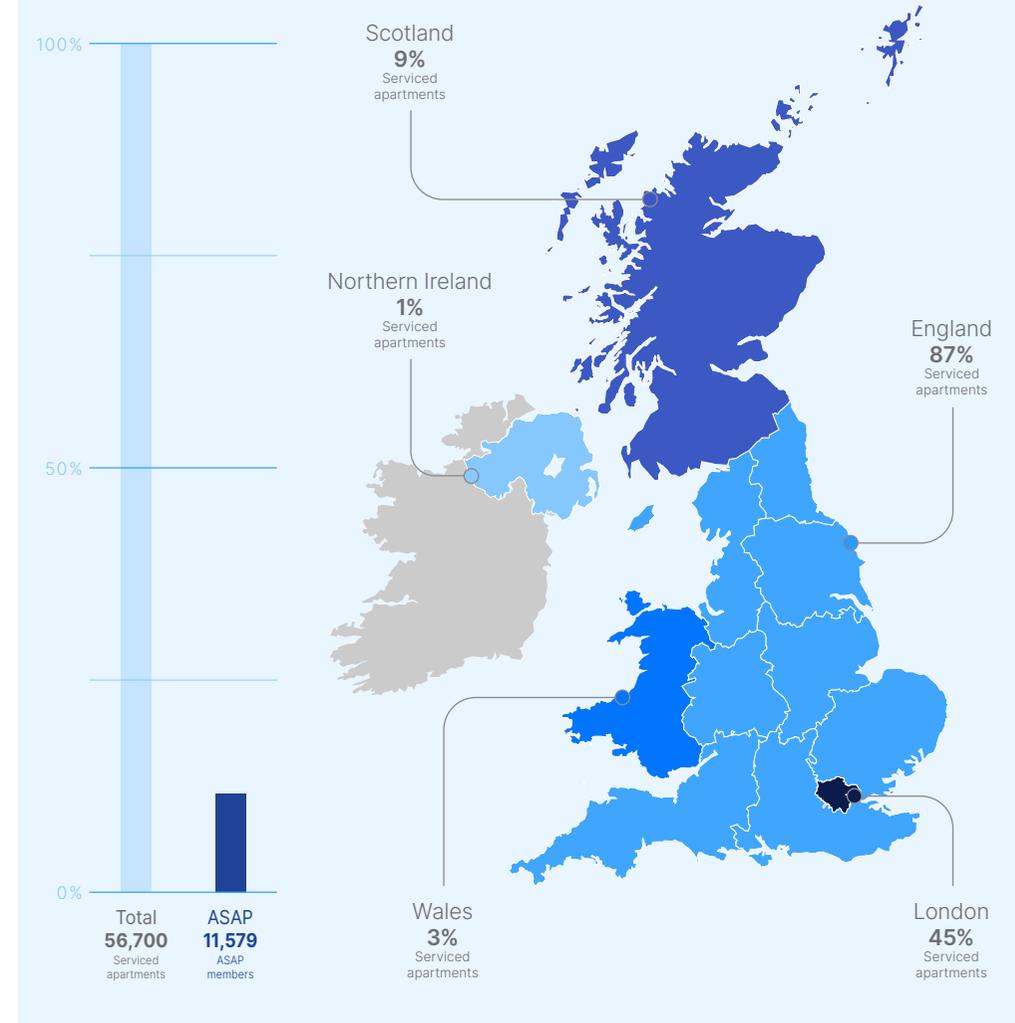
apartments spread across the UK. Among them, 28,566 properties across more than 1,400 buildings are managed under a brand, meaning they are operated by a company rather than a private host. ASAP members account for 41% of these establishments.

The rest of the market is particularly fragmented and comprises a long tail of independent operators and ‘single-key’ offers on the market (approximately 28,000 apartments).

It must be noted, that the range of services on offer in these cases is often more limited (e.g., regular housekeeping is either provided at a cost or not provided at all).

England accounts for 87% of all serviced apartments in the UK, followed by Scotland (9%). At 3% and 1%, respectively, Wales and Northern Ireland are yet to develop a more sizeable supply.

Zooming in on England, London constitutes the largest proportion of the market supply and accounts for 12,867 serviced apartments (45% of the total supply in the UK). Manchester, Liverpool and Edinburgh follow with a 6.3%, 4.8% and 4.4% market share, respectively.



Market performance

In line with the overall upward trend observed in the rental sector, stimulated by increased mobility, the sector has witnessed a strong rebound from the impact of the Covid-19 pandemic. The sector demonstrated a higher

resilience and adaptability to external circumstances than hotels (predominantly thanks to self-catering options and its specific clientele). Operators reported that, by the end of 2022, their bookings were already 44% above pre-pandemic levels.

According to the Emerging Trends in Real Estate®: Europe 2024 report by PwC, the interest in investing in serviced apartments has been gradually growing. In a ranking of 26 real estate sectors, serviced apartments climbed from the 16th place in 2022 to the 9th rank in 2024.

Market value

The sector is an important contributor to the UK economy. In 2022, professionally-run serviced apartments generated a turnover of £1.2 billion. Including the long tail of 'single-key' operators, the total market value of the sector extends to £1.7 billion.

Jobs created

In the UK, ASAP members employ 2,460 people (1,927 full-time and 533 part-time employees). Considering ASAP members' market share in the UK and the structure of the remaining market supply, it is expected that the entire sector directly supports a minimum of 6,050 jobs.

Guest profile

Serviced apartments cater to a specific blend of customers. Business travellers comprise the largest share of the clientele (45%), followed by tourists (27%), and professionals relocating to the UK (23%). Importantly, the sector caters to both domestic and international guests (59% to 41% ratio).

The average length of stay in 2022 was 3 days; however, 11% of customers stayed between 30 and 89 days and 6% stayed longer than 90 days.

Compliance and regulations

According to the research, 71% of properties are operated under the C1 use class (hotel license or equivalent), 26% under C3 (residential license or equivalent) and the remaining 3% are neither (sui generis operations).

There is a correlation between provider size and class use – smaller operators tend to have a higher prevalence of C3 use class. Independent and single-key providers almost exclusively operate under the C3 license.

Going forward, the findings of this research call for further professionalisation of the sector and stakeholder collaboration to:

- Improve transparency through the establishment of a mandatory light-touch property registration scheme that should include the entire accommodation industry.
- Level the playing field for all operators, including those managing apartments that might not be compliant with the minimum standards.
- Define the sector's contribution to sustainable housing and inform planning policy development in the UK.
- Support platforms for knowledge sharing.



CHAPTER I.

The Role and Features of Serviced Apartments

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The Role and Features of Serviced Apartments

Serviced apartments have evolved as a unique subset of the hospitality industry catering to specific market needs.

The sector is represented by many operators offering different services and products; The common features unite all serviced apartment realities: for brevity and clarity, the serviced apartment sector encompasses all residential properties offered with additional services and let with a flexible tenancy period.

A broad definition can be utilised to understand how the serviced apartment sector stands apart from the broad private rental market. However, some elements can vary according to the context: the residential properties in question, the services offered, and the length of stay.

The sector is represented by aparthotels and serviced apartments in purpose-built blocks

Despite the distinctions dictated by the specific context, the serviced apartment sector is a standalone asset class separate from the private rental sector. It is subject to different regulations and has also been shown to behave uniquely from other similar sectors, such as hotels.

as well as those rented within a residential building. Each offer a range of amenities and appeal to a precise audience.

Serviced apartments are fully-furnished self-contained units which will include kitchen facilities. They are normally in a residential building which features amenities such as a gym, co-working spaces, and others.

Key services such as weekly housekeeping will typically be included, as well as bed linen, towels and laundry facilities, but the level of additional services will be more limited compared to that offered at aparthotels.

Some serviced apartment operators have a minimum stay requirement and each operator will offer a choice of different apartment types ranging from studios to 4-bedroom apartments.



Photo credit: House of Fisher

Serviced apartments are managed either on-site or off-site. Some may have an on-site reception operating for a limited time, while others will offer check-in via a meet-and-greet service or make keys available via a key safe.

An aparthotel offers serviced apartments or suites within a purpose-built block, normally with a 24-hour reception as well as other typical hotel services and facilities (for example a bar or restaurant, gym, communal space, etc).

The individual apartments (sometimes called suites) are often more compact than those in a residential building – for example, they may feature a kitchenette rather than a full kitchen.

Usually, there is no minimum stay requirement, but preferential rates are normally offered for longer stays. Each operator will offer a choice of different apartment types ranging from studios to 4-bedroom apartments.

Services and amenities

The range of services offered is a critical differentiating factor for this sector.

In addition to internet connectivity, the vast majority of providers offer private kitchens or kitchenettes, housekeeping services, laundry facilities, and separate relaxation and work spaces. Compared to traditional hotels, serviced apartments typically provide more spacious rooms and additional living areas.

However, it is worth noting that smaller or independent providers are more likely to charge extra fees for housekeeping and laundry services, or these services may not be included at all.

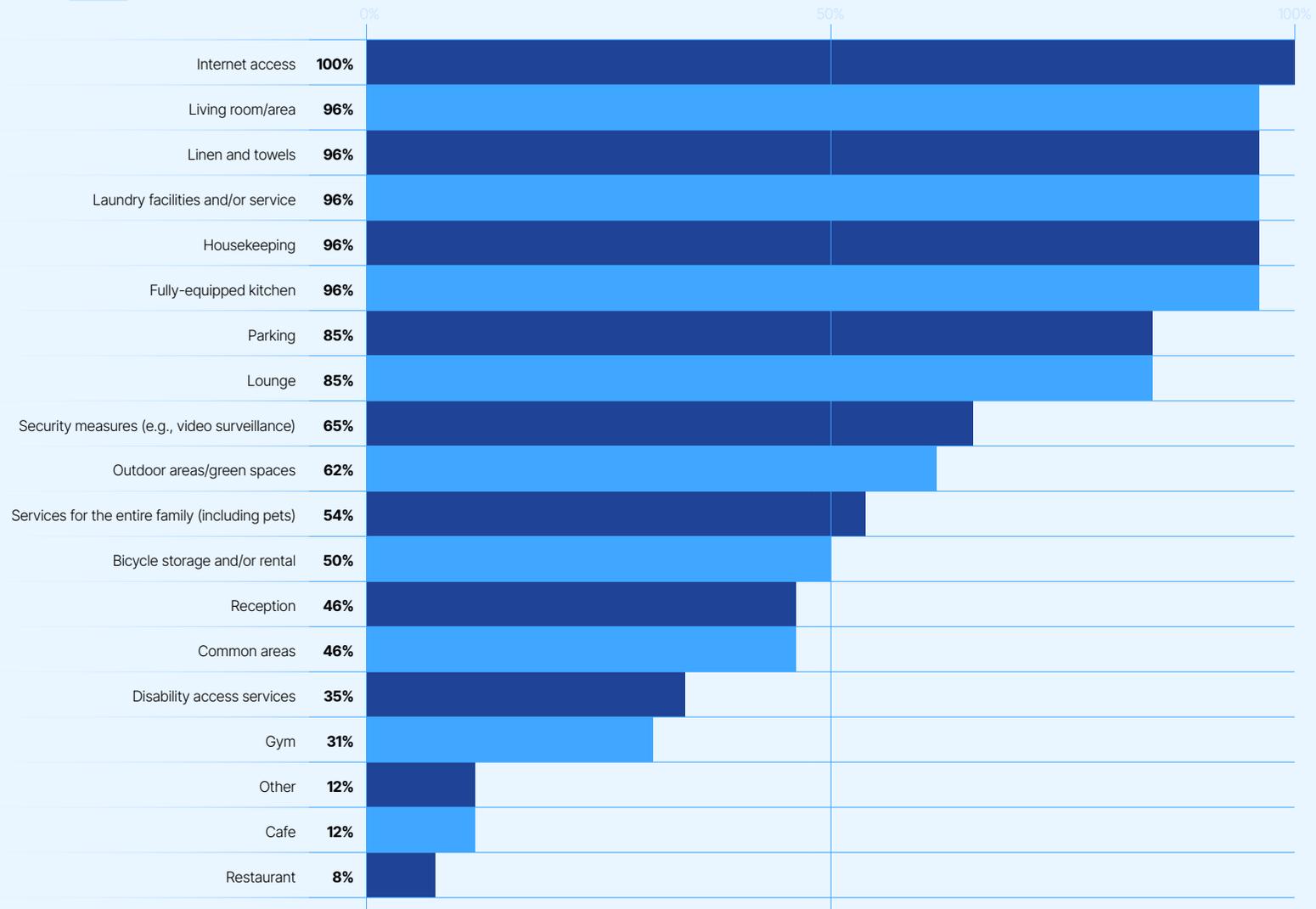
Parking and a lounge are common features offered by 85% of providers, while security measures, implemented by 65% of providers, contribute to a safer environment.

Six in ten providers offer outdoor areas or green spaces, and common areas are available in 46% of properties, while gyms are less prevalent at 31%.

Additionally, more than half of operators offer family-oriented services, including pet-friendly policies, which is another significant characteristic distinguishing serviced apartments from other rented accommodation sectors.

F1

Share of serviced apartments offering the following services and amenities



SOURCE: BONARD survey of serviced apartment operators, 2023; n=28

Commonalities and differences to other sectors

Private rental market

Despite the differences dictated by the specific context, serviced apartments are a standalone asset class different from the private rental sector, which are mostly related to the services on offer.

The sector operates in a more structured framework and as such, is subject to different regulations – including compliance with additional standards which were developed by the sector itself over the years to deliver an increased level of professionalism as well as customer care and protection.

Hotels

Moreover, the sector exhibits different behaviours compared to other segments such as hotels. During the Covid-19 pandemic, serviced apartments demonstrated a competitive advantage over hotels, evidenced by higher occupancy rates.

For instance, nationwide occupancy in serviced apartments reached 78%, surpassing hotels which achieved a 73.4% occupancy rate in June 2022.

More recently, the PwC UK Hotel Forecast 2023-2024 shows that demand in the hotel sector is set to stall, with a potential risk of oversupply in the short term.

Occupancy, average daily rates and revenue are projected to decline slightly in London (by 0.3%, 3% and 3.3% respectively) and more

noticeably in other parts of the UK (2%, 4.5%, 6.3% respectively).

On the other hand, the supply of serviced residences is predicted to increase, as major brands are set to bring more beds to the market. Knight Frank estimated that the market was growing at an annual rate of 5.7%.

Co-living

The co-living concept is another quickly developing rented accommodation model. It primarily caters to millennials and young professionals, typically offering private or shared bedrooms with access to communal areas such as kitchens, living rooms, and sometimes co-working spaces.

Unlike in serviced apartments, where the clientele places greater value on privacy, the essence of co-living lies in fostering a sense of community among tenants. Many co-living spaces organise social and networking events in order to build a community and engagement among residents.

From an investment point of view, the prospect for serviced apartments has been gradually growing in a ranking of 26 real estate sectors.

According to the Emerging Trends in Real Estate®: Europe 2024 report, serviced apartments climbed from the 16th place in 2022, to the 14th spot in 2023 and 9th rank in 2024.

F2 RevPAR comparison of serviced apartments and hotels



SOURCE: Savills Research; ASAP; STR, 2022

F3 Investment attractiveness ranking by asset class

2024		2023		2022	
Rank	Sector	Rank	Sector	Rank	Sector
1.	New energy infrastructure	1.	New energy infrastructure	1.	New energy infrastructure
2.	Data centres	2.	Life sciences	2.	Life sciences
3.	Healthcare	3.	Data centres	3.	Logistics facilities
4.	Student housing	4.	Social housing	4.	Data centres
5.	Retirement/assisted living	5.	Retirement/assisted living	5.	Healthcare
6.	Self-storage facilities	6.	Affordable housing	6.	Retirement/assisted living
7.	Logistics facilities	7.	Self-storage facilities	7.	Industrial/warehouse
8.	Co-living	8.	Logistics facilities	8.	Affordable housing
9.	Serviced apartments	9.	Co-living	9.	Self-storage facilities
10.	Private rented residential	10.	Private rented residential	10.	Private rented residential
11.	Life sciences	11.	Industrial/warehouse	11.	Housebuilding for sale
12.	Industrial/warehouse	12.	Student housing	12.	Social housing
13.	Affordable housing	13.	Leisure hotels	13.	Multi-let/flexible industrial parks
14.	Hotels	14.	Serviced apartments	14.	Co-living
15.	Social housing	15.	Parking	15.	Student housing
16.	Leisure	16.	Healthcare	16.	Serviced apartments
17.	Housebuilding for sale	17.	Housebuilding for sale	17.	Flexible/serviced offices and co-working

SOURCE: PwC, 2023

CHAPTER II.

Size of the Serviced Apartments Sector in the UK

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Size of the Serviced Apartments Sector in the UK

Market size

The UK stands out as a premier destination for tourists and business travellers and the preferred place of work for a variety of professionals. This unique positioning has made the UK a leader in Europe in terms of the size and investment volume of its serviced apartments market.

The hospitality industry landscape is undergoing rapid evolution, characterised by blurred distinctions among hotels, serviced apartments, and similar establishments that are now available in the private rental market.

In response to this dynamic environment, BONARD initiated a comprehensive sector mapping exercise to capture the full extent of the market size in the UK.

This involved leveraging multiple information sources, including in-house data, complementary desktop research, previously published industry reports, and data sourced from agents.

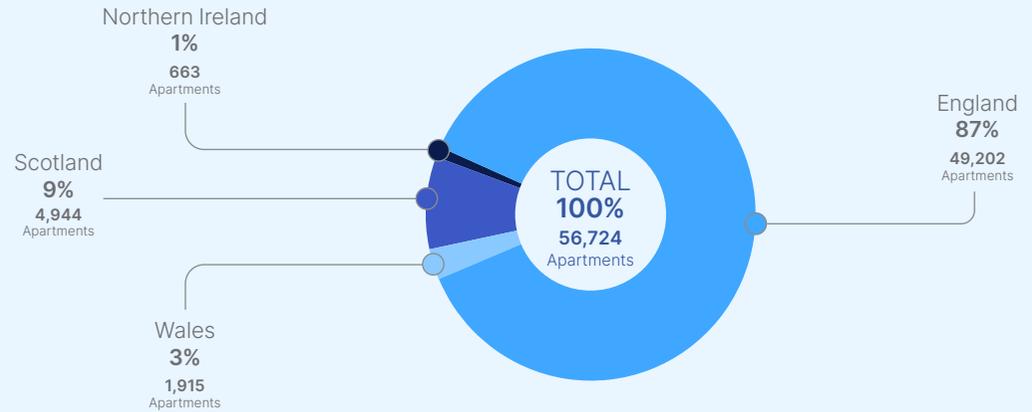
During this stage, BONARD identified 28,566 professionally run serviced apartments operating in the UK. Data from multiple external sources points to more than 56,700 serviced apartments distributed across the UK.

Compared to professionally-run serviced apartments, other properties in the sector offer limited services (e.g., regular housekeeping at an extra cost or not available at all).

England accounts for 87% of all serviced apartments in the UK, followed by Scotland (9%). At 3% and 1%, respectively, Wales and Northern Ireland are yet to develop a more sizeable supply.

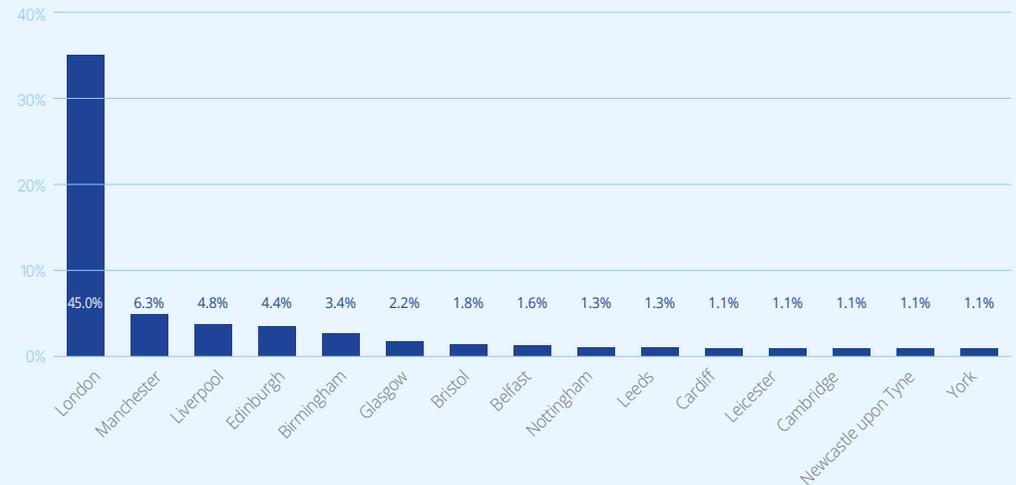
The top 20 cities in the UK represent 81% of all market supply, with London alone amounting to 45%. Manchester, Liverpool, and Edinburgh follow with a 6.3%, 4.8%, and 4.4% market share, respectively.

F4 Number of serviced apartments by UK region



SOURCE: BONARD, 2024; based on own research and data from multiple agents

F5 Share of serviced apartments by city



SOURCE: BONARD, 2024; based on own research

Market landscape

The market is considerably fragmented on the asset level, with approximately 63% of professionally managed properties featuring fewer than 10 serviced apartments.

The ten largest operators, all managing a portfolio of 500+ serviced apartments, account for 32% of the professionally run supply and 16% of the overall market supply in the UK (the latter takes into account the long tail of independent and single-key offers in the market).

ASAP membership represents 41% of the professionally run apartments and 20% of the entire supply in the UK. On average, ASAP member operators manage 29 apartments per property, compared to the overall UK average of 19 apartments per property.

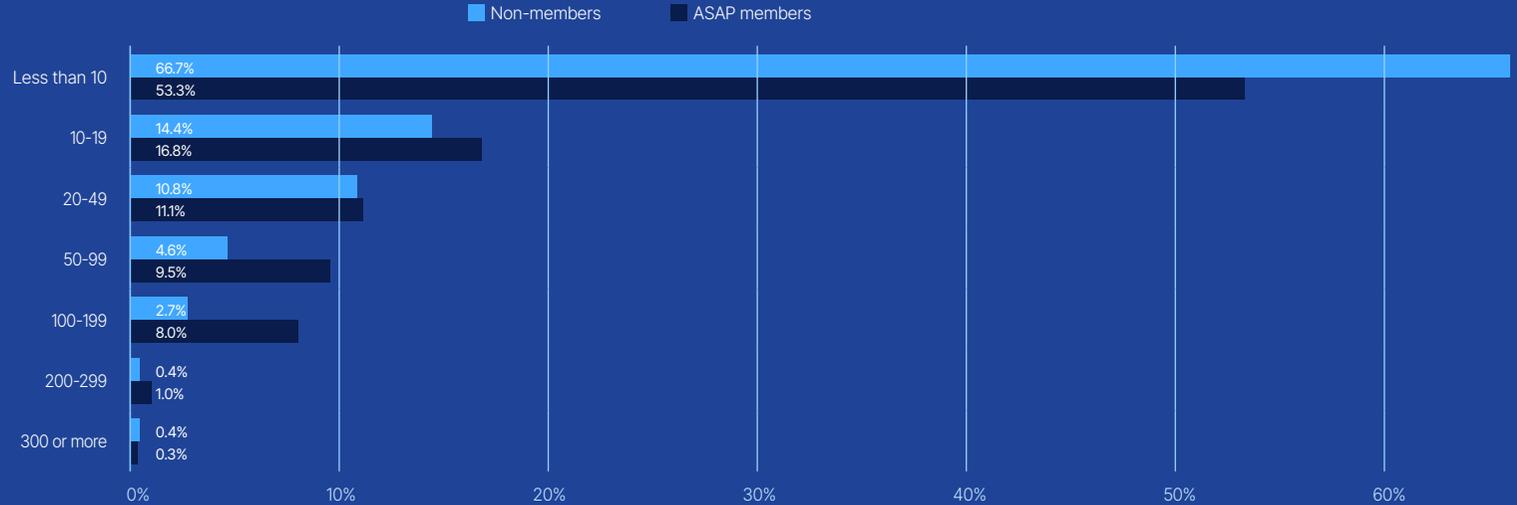
Booking data from operators who participated in the industry survey suggests that the sector experienced a V-shaped market recovery.

While the pandemic caused a 45% drop in the number of bookings, serviced apartments were quick to rebound: by the end of 2021, bookings were at 90% compared to 2019. In 2022, operators were 44% above pre-pandemic levels.

This demonstrates the sector's resilience and its strong popularity among customers and, by extension, investors who are particularly attracted by the sector's agility and attractive yields.

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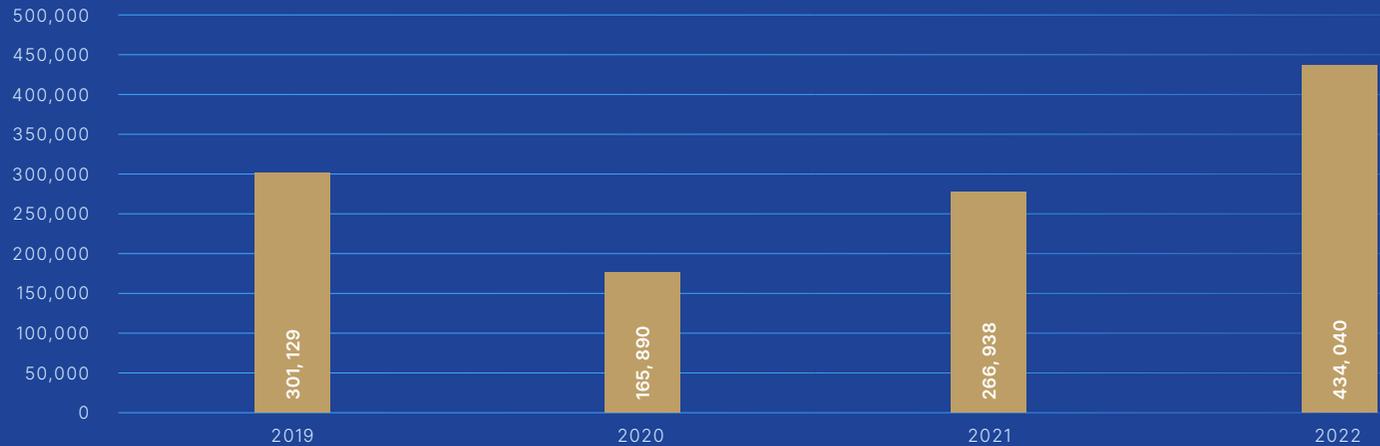
Share of properties by number of apartments on offer



SOURCE: BONARD, 2024

F7

Number of bookings by responding providers



SOURCE: BONARD survey of serviced apartment operators, 2023; n=28

CHAPTER III.

Impact on the UK Economy and Communities

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Photo credit: City Apartments

Impact on the UK Economy and Communities

In 2022, professionally run serviced apartments generated £1.2 billion in turnover.

This is a conservative estimate, which reflects the existing supply data and financial information acquired via the provider survey (providers were queried about their turnover, which was extrapolated over the entire market).

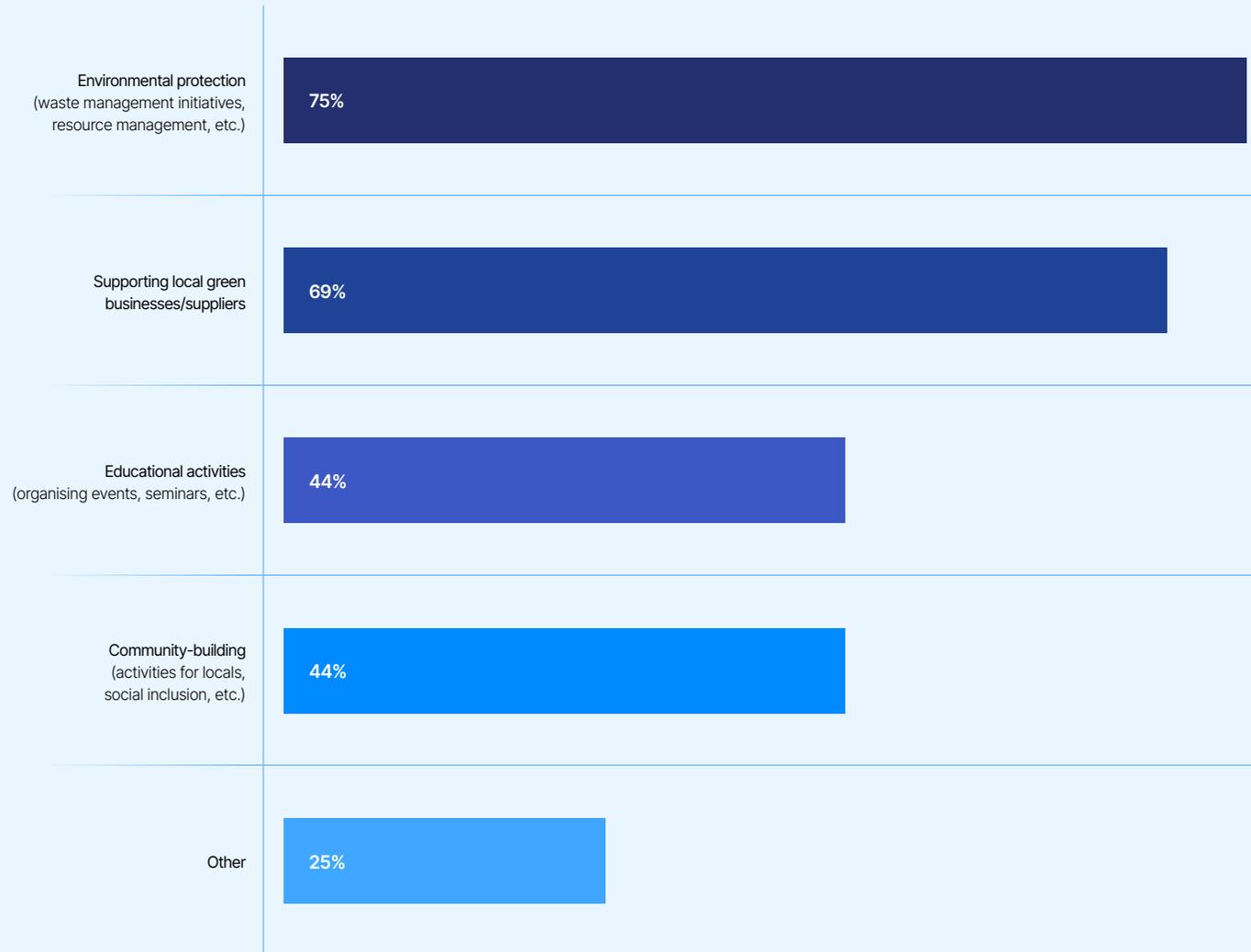
Considering the whole market including independent and single-key offers, it was calculated that the sector generates £1.7 billion per annum in turnover.

The sector is also a significant employer – a total of 2,400 staff were employed by ASAP members. This included 1,967 full-time positions and 533 part-time staff. Considering the size of the sector, it is estimated that it employs more than 6,050 people in the UK.

In addition to its monetary contribution to the UK economy, the majority of service providers surveyed also engage in sustainable activities and foster positive relationships with local communities by supporting local green businesses.

F⁸

Support provided to local activities (financial or in-kind)



SOURCE: BONARD survey of serviced apartments operators, 2023; n=28

CHAPTER IV.

Profile of Guests Staying in Serviced Apartments

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Profile of Guests Staying in Serviced Apartments

The serviced apartment sector caters to a group of customers who seek flexible and all-inclusive rental accommodation. While customer characteristics can vary and escape a general definition, several core groups can be identified.

Business travellers (45%) remain the largest proportion of serviced apartments' clientele.

Considering the need for extra living and working space, with increased importance being placed on suitable work-related conditions, serviced apartments profile themselves as a compelling accommodation solution for professionals on the road seeking more spacious premises.

Leisure travellers represent 27% of guests and constitute a growing segment, thanks to an increasingly blurred line between purely business- and leisure-driven stays.

The rise of so-called 'blended' stays was fuelled by holidaymakers and business travellers alike preferring serviced apartments to other hospitality options during the Covid-19 pandemic.

Serviced apartments catering for short stays and aparthotels have emerged as the typical accommodation solution for this group of customers, as they provided customers with self-contained alternatives.

Historically, relocation business has been a significant part of the sector's customer base. With 23% of clients being employees seeking temporary housing, service apartments facilitate the relocation process on behalf of internationally active companies.

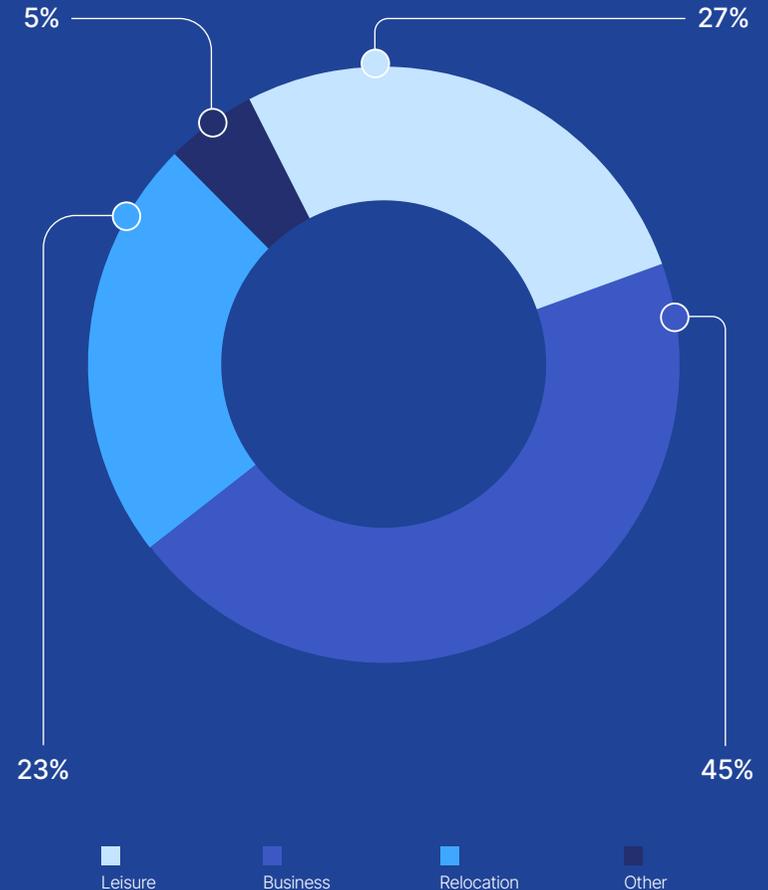
These are typically employees or managers of transnational or multinational corporations and companies moving abroad temporarily or for an extended period to conduct business, assignments, or projects.

The range of companies serviced apartments cater for includes film production companies, Fortune 500 businesses, insurance companies, and many more.

Serviced apartments are also popular among young professionals seeking an all-inclusive and flexible accommodation solution.

F⁹

Share of guests by purpose of stay



SOURCE: BONARD survey of serviced apartments operators, 2023; n=28

As shown in Figure 10, the sector caters to both domestic and international travellers in almost equal measure.

As for the length of stay, this is usually very flexible and can range from one night to several months. The flexibility customers can enjoy in serviced apartments attracts a specific type of audience that the private rental sector struggles to cater for.

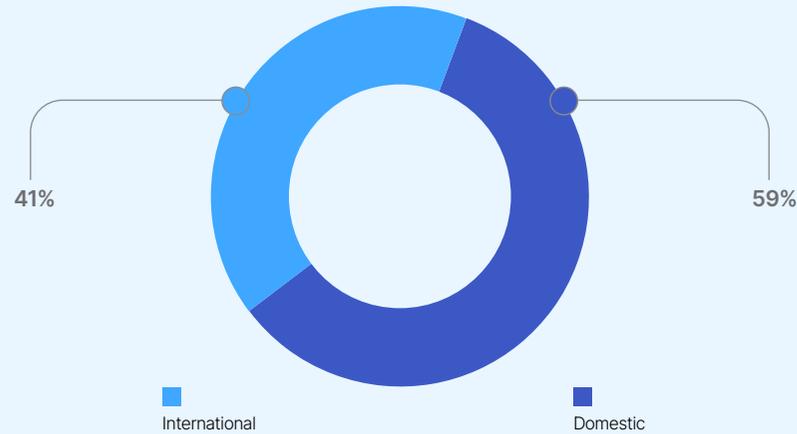
In the UK, tenants are usually required to sign up for a minimum 12-month lease when renting a property through a real estate agency.

This does not cater for the needs of specific groups of customers, the core audience of the serviced apartment sector, that require more flexibility – such as business travellers or employees of transnational and multinational companies looking to relocate.

In 2022, the average length of stay stood at 3 days; however, 17% of customers booked their stay for more than 30 days.

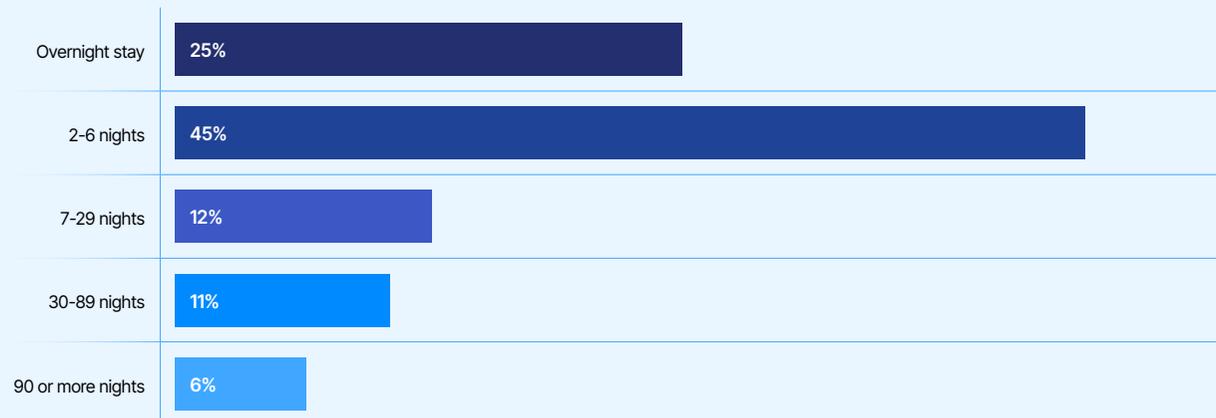
Naturally, the average number of bednights varies considerably depending on the purpose of stay. For providers specialising in corporate travel and relocation, the share of guests staying for more than 30 days reaches 67%.

F10 Share of guests by nationality



SOURCE: BONARD survey of serviced apartments operators, 2023; n=28

F11 Share of guests by length of stay



SOURCE: BONARD survey of serviced apartments operators, 2023; n=28

CHAPTER V.

Compliance and Regulation

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Photo credit: PREMIER SUITES

Compliance and Regulation

Over its the years, the sector has developed own self-regulation and monitoring tools. Many leading operators are members of ASAP and sign up to their code of conduct.

The code requires them to maintain up-to-date insurance, comply with the minimum safety and legal standards and operate transparently, among other requirements.

According to the survey, the most utilised external accreditation credential is the International Serviced Accommodation Accreditation Process (ISAAP). Currently, 27 serviced apartment operators are accredited by ISAAP.

The scheme offers accreditation and certification options specific to the serviced accommodation sector, including full quality and safety assessment audits.

A relatively small group of operators are accredited by other independent assessment products as well as tourist board such as Visit England (there are 20 operators under the serviced apartments category). Visit Wales or Visit Scotland. These organisations run their own quality assurance schemes which feature inspections and quality assessments, with

detailed quality standards for serviced apartments in several areas, including health and safety, security, accessibility, and others.

In addition, some providers operate under their own brand standards (e.g., Hyatt House by Hyatt or The Residence Inn by Marriott). Simultaneously, the findings from BONARD's desktop research indicate that a significant portion of independent or non-branded providers operate without an external credential.

Currently, there exists a gap in the planning designation for certain serviced accommodations, which straddle the line between residential properties and hotels.

In England, properties offering serviced apartments are typically classified under either the C1 category (use as a hotel, boarding or guest house or as a hostel where, in each case, no significant element of care is provided) or the C3 category (use as a dwellinghouse).

However, the C3 category currently encompasses properties used as primary residences as well as those rented out on a short or long-term basis, without distinguishing between the two groups.



Photo credit: Ascott

According to the research findings, 71% of keys are operated under the C1 use class (hotel licence or equivalent), 26% under C3 (residential licence or equivalent), and the remaining 3% fall under other categories (sui generis operations).

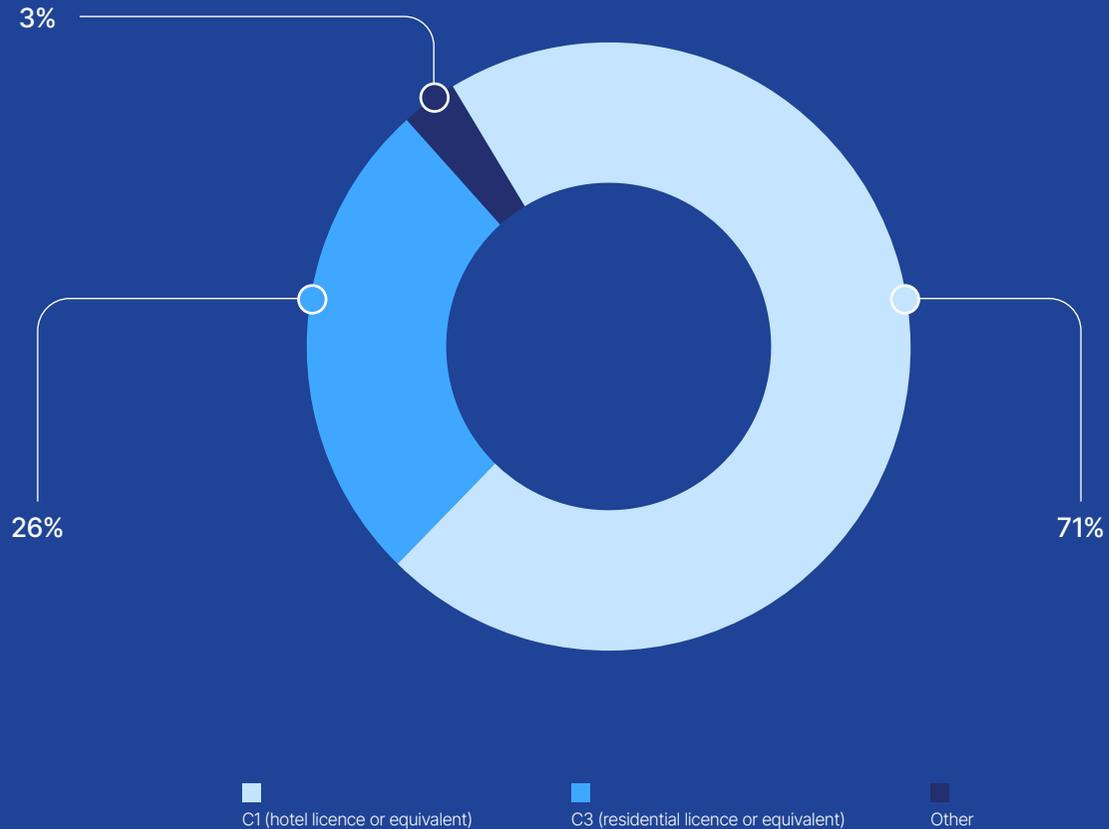
There is a correlation between provider size and class use – smaller operators tend to have a higher prevalence of C3 use class. Independent and single-key providers almost exclusively operate under the C3 license.

Restrictions on short-term lettings

Outside London, there is no specific limit on the number of days a property can be let out on a short-term basis. It is up to the local planning authority (LPA) to make a judgement as to whether a letting amounts to a material change of use, for which planning permission must be sought.

Different rules apply to London homeowners. Those who wish to use residential premises for short-term accommodation for more than 90 nights in a calendar year must seek planning permission from their LPA.

F12 Share of serviced apartments by use class



SOURCE: BONARD survey of serviced apartments operators, 2023; n=28

CHAPTER VI.

Sector's Views on Regulatory Changes

BONARD



Photo credit: Roomspace

Sector's Views on Regulatory Changes

Amid the ongoing government consultation on the proposed regulation of the short-term let market in England, the research gathered feedback on serviced apartment operators' views on approaches to enhance sector governance.

Clarity, credibility, and compliance

Respondents highlighted the need for regulations that would:

- Establish solid sector-wide standards and entry barriers, making it impossible for non-professional providers to operate.
- Enhance safety and security standards, including requirements for fire and general risk assessments, smoke alarms, health and safety measures, liability insurance, and water safety protocols.
- Foster improved communication between the sector and local and national government bodies, while also raising public awareness about the sector's significance in addressing housing shortages.
- Ultimately, enhance the quality of accommodation offerings in the UK and ensure consumer protection.

Unintended consequences on demand vs. supply dynamics

However, respondents also expressed concerns about a lack of understanding of the sector's functioning and its contributions to the local and national economy.

The research flagged the following potential negative consequences of the proposed regulations:

- Increased restrictions that could impact the country's ability to support international employee relocations for multinational companies and limit accommodation options for key sectors like technology, finance, and the arts.
- Risk of misregulation leading to setbacks in local communities where serviced apartments play a vital role for the supply chain. This includes damage to other businesses in the environs of serviced apartment blocks that have either come to rely on the income from guests, or have sprung up nearby as a direct result of the business opportunity presented by apartment blocks (for instance, independent grocery stores, coffee shops, gyms, and restaurants, many of which have



Photo credit: The Residence

arrangements with operators to offer discounts to guests and further support the local economy).

- Introduction of high regulatory fees that could force legitimate providers out of business, further distorting demand-supply dynamics.

Proposed approach for sector regulation

A three-stage approach is envisaged to help ensure that the regulation meets its intended purpose:

Step 1: Launch a National and Mandatory Light-Touch Scheme

Implementing a national and mandatory light-touch scheme, with a visible registration number for display, would provide essential assurances and accountability.

This scheme should prioritise minimum health and safety standards, be affordable (with a scalable fee based on the number of apartments under management), and drive standards by helping to eliminate non-compliant businesses from the market.

Step 2: Data Collection and Evaluation

Collecting and evaluating data from registered providers within a broader

residential supply context will be instrumental in informing local councils, defining key provider categories, and establishing parameters for effective supply management.

Additionally, it is recommended to study evolving regulations in other European markets to align outcomes where beneficial.

Step 3: Establish a Platform for Ongoing Sector Consultations

Establishing a joint working group comprising sector representatives, along with government or local council representatives, will facilitate implementation and regular evaluation of the regulatory process. This group should identify potential loopholes and promote systems for driving good practice (including taxation compliance and adherence to health and safety regulations).

Adopting a targeted approach in regards to planning regulations, rather than a blanket solution, will protect residents in certain areas from potential negative impacts on the local economy.

By following this proposed approach, stakeholders can contribute to a well-regulated and thriving serviced apartment sector, benefiting both businesses and the communities they operate in.



Conclusions

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Photo credit: Your Space

Conclusions

The strategic management and development of the serviced apartment supply can play a vital role to play in assessing local housing challenges.

As evidenced by the research, professionally operated serviced apartments cater to the preferences of unique target audiences. They operate within a structured environment under recognised standards, comply with tax duties, and contribute to balancing the demand versus supply dynamics for the benefit of local communities.

The newly compiled data demonstrates that, despite being in its early stages, the sector is a significant economic driver in the UK, providing employment for over 6,050 individuals and boasting an estimated annual turnover of £1.7 billion.

Systematic Mapping of the Sector

While this research provides an initial step in deepening the general understanding of the size, structure, and value of serviced apartments in the UK, ongoing and wider market monitoring is recommended to ensure greater transparency and accurate representation of the sector.

Levelling the Playing Field

Data-driven regulatory measures are essential to drive the sector's advancement

in alignment with local market demands. This entails adhering to stringent standards to ensure customer satisfaction and uphold the sector's quality, integrity, and reputation.

The sector is fully committed to engaging in discussions regarding governance and regulation. It welcomes regulations that cultivate an environment conducive to the success of professional operators and effectively mitigate potential negative impacts.

The Remit of Professional Bodies

Professional organisations and interest groups that have safeguarded quality in the sector over the last two decades (through the development of standards, knowledge sharing, and community building), are well-positioned to provide evidence and expertise to support the development of a regulatory framework benefiting all stakeholders.

Additionally, ASAP representatives are committed to providing guidance and support to serviced apartment operators interested in professionalising their operations (e.g., through workshop delivery and training) as well as the provision of bespoke advice.



Photo credit: Viridian Apartments

Supporting partner



Project sponsors



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