

The Global Serviced Apartments

Industry Report 2010



International corporate and relocation housing solutions just got easier...



We can provide a bespoke extranet with your preferred apartment providers and travel policy – please ask for details...

The Apartment Service is the largest European agent for extended stay and corporate housing worldwide.

We offer Relocation companies and HR management complete temporary accommodation solutions with cost savings in convenient locations to suit your individual business needs.

The Apartment Service is also your gateway to nearly 524,000 apartments worldwide – many with real time, online booking on our website.

Why not contact our business development team to discuss your particular accommodation requirements and to see how we can facilitate your procurement process?

Telephone +44 (0)870 080 2303 or email us at res@apartment.co.uk

Established 1981
Members of:



arp THE ASSOCIATION
OF RELOCATION
PROFESSIONALS

asap
the association of
serviced apartment providers

MEMBER
WORLDWIDE ERC
THE WORKFORCE MOBILITY ASSOCIATION

THE
**APARTMENT
SERVICE**

WORLDWIDE

+44 (0)870 080 2303

www.apartmentservice.com



The Global Serviced Apartments Industry Report 2010

Published on behalf of

The Apartment Service
5 – 6 Francis Grove
Wimbledon
London
SW19 4DT
United Kingdom

www.apartmentservice.com

Published by Travel Intelligence Network www.the-tin.com



Editor Mark Harris

Contributors Charles McCrow, Maggy Sainsbury, Bard Vos

Design Creativo www.creativodesign.co.uk

Whilst every effort has been made to ensure accuracy, The Apartment Service, Travel Intelligence Network nor Creativo can be held responsible for any errors or omissions.



Contents

1

Introduction

10

Report methodology

11

Global industry overview

14

Regional reports

14 Africa

17 America & Canada

22 Asia

30 Australia & New Zealand

33 Europe

39 Middle East

42

Global apartment listing

44

Report conclusions

45

Acknowledgements

46

Sources



Introduction

**by Charles McCrow, Managing Director
The Apartment Service**

Welcome to the second Global Serviced Apartments Industry report compiled by The Apartment Service in partnership with Travel Intelligence Network.

This latest edition is an up-date to the first and is based on research we have conducted with apartment operators worldwide. We set out to understand the major challenges facing their businesses, to assess how the global recession has affected them individually, and to find out what the short and medium term future holds for the serviced apartments sector in general.

When we compiled the first Global Serviced Apartments Report, we were just sliding into recession, wondering how deep it would be. The results of our new survey show that, despite the difficulties of the last 18 months, in almost every global region there is an abiding optimism for 2010 and beyond.

The question of how long it will be before normal service is resumed remains unanswered however. As corporates have inevitably cut back on expenditure of every kind, demand for serviced apartments has dropped significantly, in some areas by as much as 35%. Deals have become more rate-driven and apartment operators have generally accepted shorter stays than normal, and at a lower rate. New extended stay hotels and more corporate housing inventory have made conditions more difficult for serviced apartment operators across the board than they would otherwise have done.

To set this in context, hotels in every region reported year-on-year reductions in occupancy levels during most of 2009, although the extent of these falls varied. For example, according to STR Global, in October 2009 hotel occupancy was down 0.6% in Asia Pacific, 8.5% in the Middle East and down 2.3% in Europe in the same period.

Since our first report was published, numbers of new operators entering the sector have grown rapidly, some bringing property portfolios made available unexpectedly by the collapse in residential property sales. This has been a significant factor in the rapid growth in the sector worldwide. The 2009 CHPA Corporate Housing Industry Report compiled by The Highland Group, showed a reduction in demand with increased competition which helped to push rates down. Operators across the US reduced their inventory by an average of 23.8% in the 6 months to June 2009 to counteract this and shorter stays also played a big part in reducing achieved average daily rates. A significant amount of impact to business was also caused by increases in inventory from the extended stay sector.



In comparison, we estimate that the number of extended stay properties has increased by 11.19%. Since our last report, we identified an additional 45,000 units, making 446,996 units in 7,119 locations worldwide. However, a factor in the slower growth of extended stay properties over corporate housing is that the former generally requires further advance planning and lead-time.

Despite the recession, companies are still moving their staff on permanent or temporary assignments. Many of these are shorter in duration than usual, but the number of short-term assignments is also increasing. Employers want to see their staff settled and need to retain and make their remaining people more productive. According to Californian temporary staffing company Koosharem, there are 92,000 people on assignment every week at over 6,500 companies in the US alone.

Another primary market for serviced apartment operators, business travel, has also been cut back in most organisations, but the opportunities for apartment operators continue to grow. The UK's Institute of Travel & Meetings (ITM) reports increased demand for serviced apartments amongst 48% of its buyer members, collectively responsible for around £2bn in corporate accommodation spend. Research by ITM reveals that 57% of buyers are using apartments to reduce costs and provide alternatives to traditional hotels for stays of five days or less. In some cases, corporates are making additional savings by colleagues sharing two or three bed apartments instead of having individual hotel rooms.

This illustrates that the campaign to demonstrate to corporates that apartments offer a more comfortable and less expensive alternative to hotels is finally paying off. Travel Management Companies (TMCs) and Hotel Booking Agencies (HBAs) finally have the message and are driving more business into apartments because their customers are asking them for apartments. The traveller enjoys the lifestyle whilst the company saves money.





Operator vs. Agent

In Europe, the numbers of apartment providers and apartments are also growing rapidly despite varying standards of property types and pressure on rates from the corporate market. However, the sector often fails to help itself by making it difficult to understand who owns who in the apartments sector. To compound matters, users also have to choose between booking direct with operators, agents and those (like The Apartment Service) with a foot in both camps.

The Apartment Service, and companies like us, offers the best of both worlds. We have the required skill sets to deliver a totally integrated service, can source both any identifiable extended stay or corporate housing property options from a worldwide network of suppliers and can put together bespoke housing projects that are managed and operated as corporate apartments. All the direct and associated costs are collated, analysed and presented in consolidated reports similar to those provided by any leading TMC.

Because we have first-hand experience of both operating and booking serviced apartments, we can help secure the best rates and most advantageous terms for our clients by evaluating the available options in most major destinations.

Some group requests are beyond the capability of many agents, as are complex bookings where properties are sourced and managed as temporary project apartments and handed back when not required. We can create tailor-made solutions because we know the available stock, and its locations, deal with and simplify the procurement process through a single point of contact.

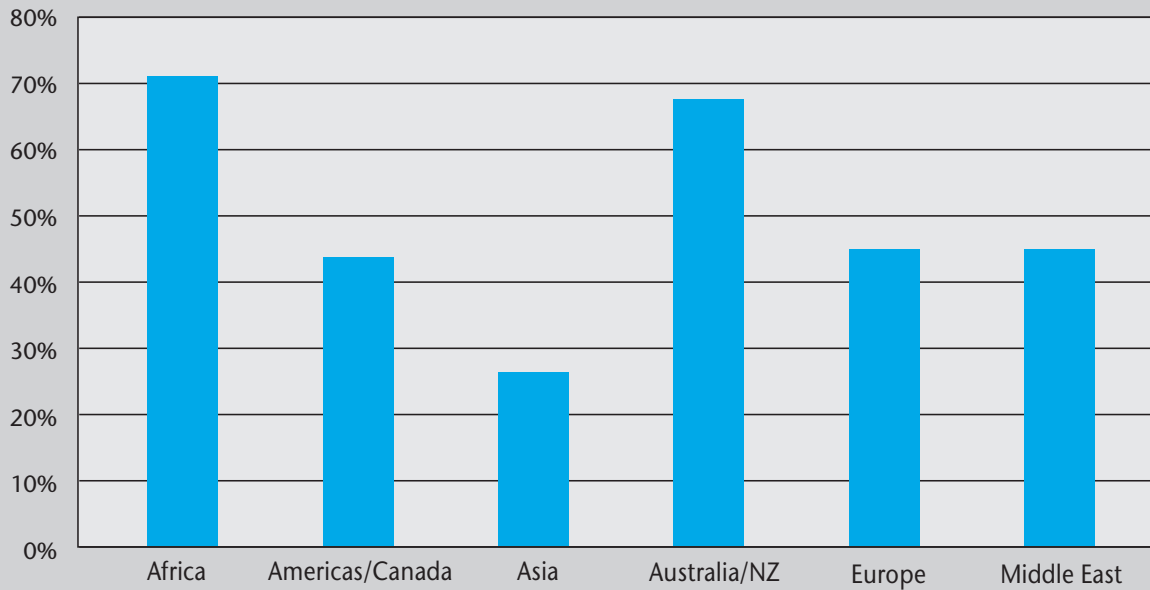
Product variations

The different product and booking characteristics of our industry's two sub-sets – extended stay and corporate housing - have undoubtedly made it even harder for corporates and agents to grasp the serviced apartment concept. Availability, location, floor plans and support services vary widely. Compared to hotels, serviced apartment room types are far more varied; from small/single to large/double studios, one and two bedroom apartments, some with one or two bathrooms, three bedroom apartments ranging from compact to penthouse sizes with floor areas ranging from 20 to 250+ square meters.

Apartments are also different because the guest usually has more say in choosing an apartment over a hotel than he or she might in a short stay situation. For longer stays, the comfort of the resident is very important, so viewings are more common to allow the apartment's suitability for longer stays to be evaluated before any bookings are made. EC-based organisations have been particularly receptive because apartments offer a better fit with Duty of Care policies and afford better protection against corporate manslaughter legislation.

The extended stay hotel market has historically been a North American phenomenon, but with Staybridge and Marriott Residences now operating in Europe, this may now change as other chains follow suit. But whilst the serviced apartments sector has proven to be more resilient than traditional hotels in some regions, it is not immune to the effects of the recession. In 2009 Extended Stay Hotels, one of the largest US operators, in the US filed for Chapter 11 protection against bankruptcy.

Serviced Apartments on GDS



Source: *The Apartment Service operators' Survey 2009*

Distribution

Up to now in business travel, the lack of longer stay apartments available to book on the Global Distribution Systems (GDS) has held back the sector's growth because of TMC's traditional reliance on GDS for all transactions. In addition, corporate housing providers have been reluctant to place their inventory on the GDS because these systems are not suitable for their product.

Extended stay properties broadly utilise the same reservation systems as the hotel groups that created and operate them, such as Marriott, InterContinental, Hilton and Accor. However, their parentage does not make them any easier to find on the GDS. Apartments make up a small percentage of, and are therefore included with most hotel listings. Branding makes the search harder still.

Unlike hotels, apartment rates do not have the same rate discount structures as hotels and rate reductions have therefore been less public. Discounts are usually linked to length of stay where breaks of seven, twenty-eight and ninety days are expected. As a result, there are still relatively few apartments booked on the GDS systems used by intermediaries.

According to ITM, 48% of all corporate accommodation bookings made by FTSE Top 100 companies are made by TMCs. In addition, 2009 research by UK hotel booking agency BSI suggests that up to 80% of corporate bookings now go through either a TMC or HBA, both of whom rely substantially on GDS as their booking tools.

It seems unlikely to me that TMCs and HBAs will employ specialist personnel to deal with their apartment bookings to meet their client's apartment demand. Especially bearing in mind the specialist nature of the sector and the cost implications for a relatively small proportion of their overall turnover. Instead I believe they will collaborate with specialist agencies like The Apartment Service to deliver this, and that they will focus their energies on driving more apartments into the GDS.

In contrast, the corporate housing sector remains unlikely to embrace the GDS as its main distribution channel, relying instead on more traditional processes due to the complexities surrounding online availability for advance bookings, complicated rate structures and on-site check-in services. Advance bookings for

stays of 80 nights are hard to confirm because corporate housing properties do not have the spare capacity of hotels to allow guests to extend their stays.

A corporate housing operator may also be reluctant to close out a specific week that might prevent a three-month let being accepted at a later date. Yet corporate housing has so much to offer the long stay market, such as bigger properties and more bedrooms for families and groups, as well as cost savings

It is because corporate housing operators regard GDS as a means of securing purely incremental business that the internet remains the best place to find and book serviced apartments. Operators' own websites, apartment portals and basic listings on property-focused sites can all be found on-line. Unlike the GDS, data distribution is also much simpler – and cheaper – online, whilst the GDS were not designed to accommodate the apartment product. By comparison, hotels are much easier to commoditise.



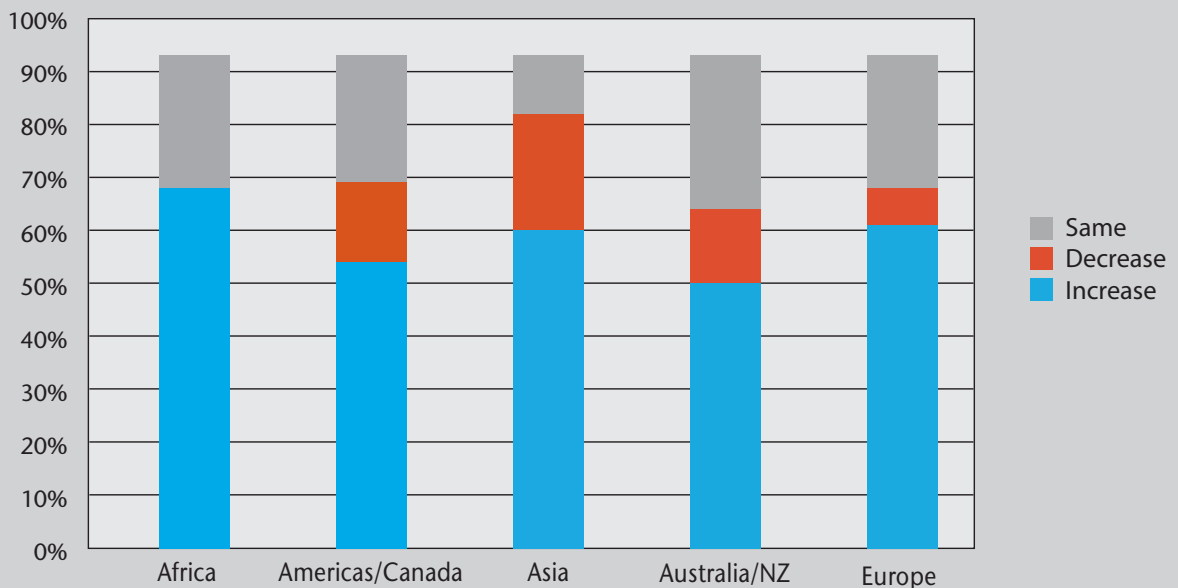
Market conditions

Further evidence of a maturing serviced apartment market has been the emergence of the UK's Association of Serviced Apartment providers (ASAP) as an independent body, having originally been an offshoot of the UK's Association of Relocation Providers. By September 2009, ASAP members represented 5,000 apartments in every major UK city and released occupancy figures for the first six months of 2009. These showed that occupancy in London was virtually unaffected by the recession - down just 1% to 83% over 2008. Outside London, falls in occupancy were only marginally greater – down 2% to 69%.

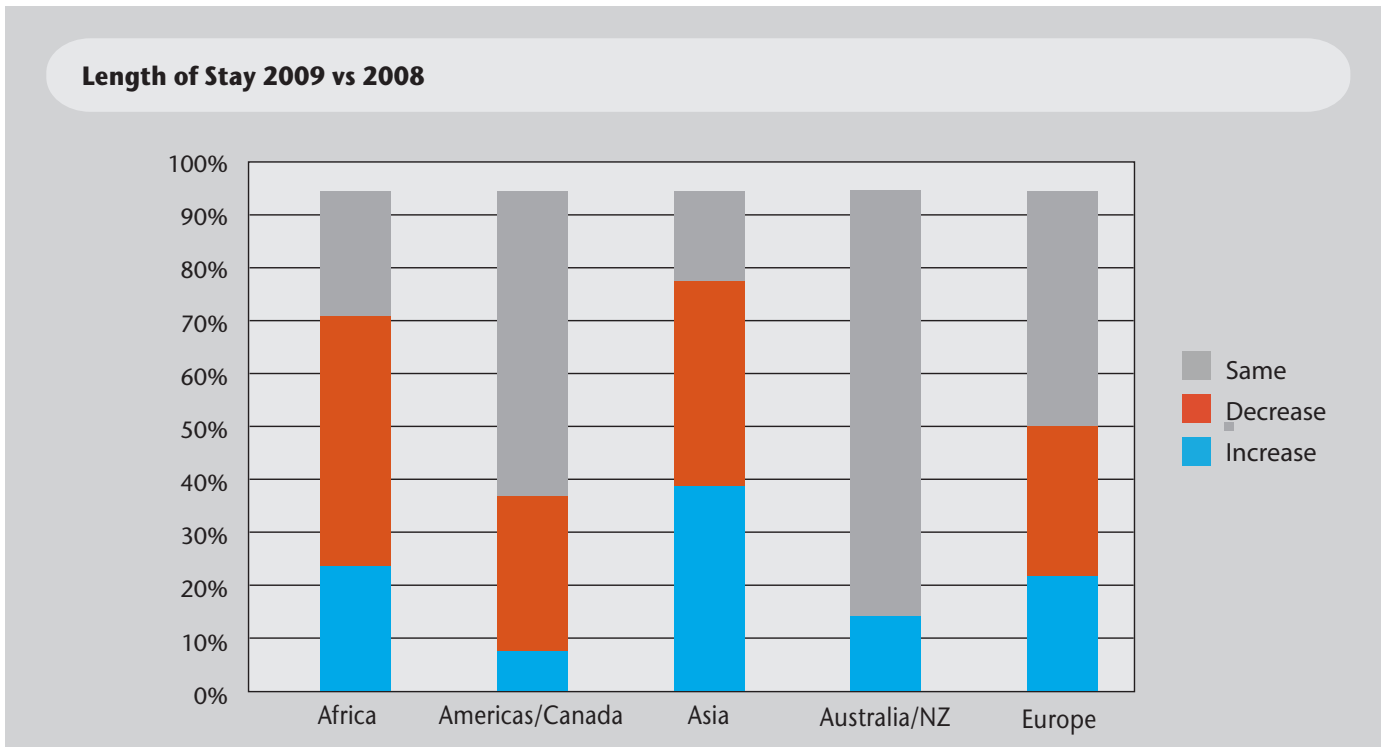
With hotel rates being slashed in an increasingly commoditised market, the onus is back on apartment operators to demonstrate that their product still offers

best value for money. In this respect, it helps that negotiated rates are less formalised in apartments than their hotel equivalent, although it does make benchmarking rates against competing hotels and other apartments difficult. Here, the apartment sector's knack of over-complicating things crops up once again. Most operators mark up their rates to begin with, so there is actually more room for negotiation, but less transparency.

Occupancy - 2009 vs 2008



Source: *The Apartment Service operators' Survey 2009*



Source: The Apartment Service operators' Survey 2009

In most markets around the world, there is currently too much residential stock lying empty. This is a legacy of property developers being unable to sell apartments for residential use due to the current credit markets. Many new developments are actually well suited in terms of location and type or size. Some developers who can afford to hang onto their building are doing so in readiness for an upturn and are looking to the serviced apartment market to generate rental income. This group is focused on asset value rather than P&L performance, but need to utilize its assets, not least because owners are liable for costs and taxes, even when their buildings are empty.



The next generation

The corporate accommodation market has evolved as companies have begun to look for options other than 'traditional' serviced apartment brands.

Converting residential property into a serviced product creates advantages and drawbacks. If there is no guest service provider to get a faulty washing machine fixed for instance, it falls to the tenant to arrange, wait in and then often pay for the work. For those prepared to do the footwork and take on the risks, the rewards can be substantially lower rental costs and therefore better value. Corporate housing specialists have made businesses from specialising in this type of property and deliver hassle free accommodation at a reasonable cost.

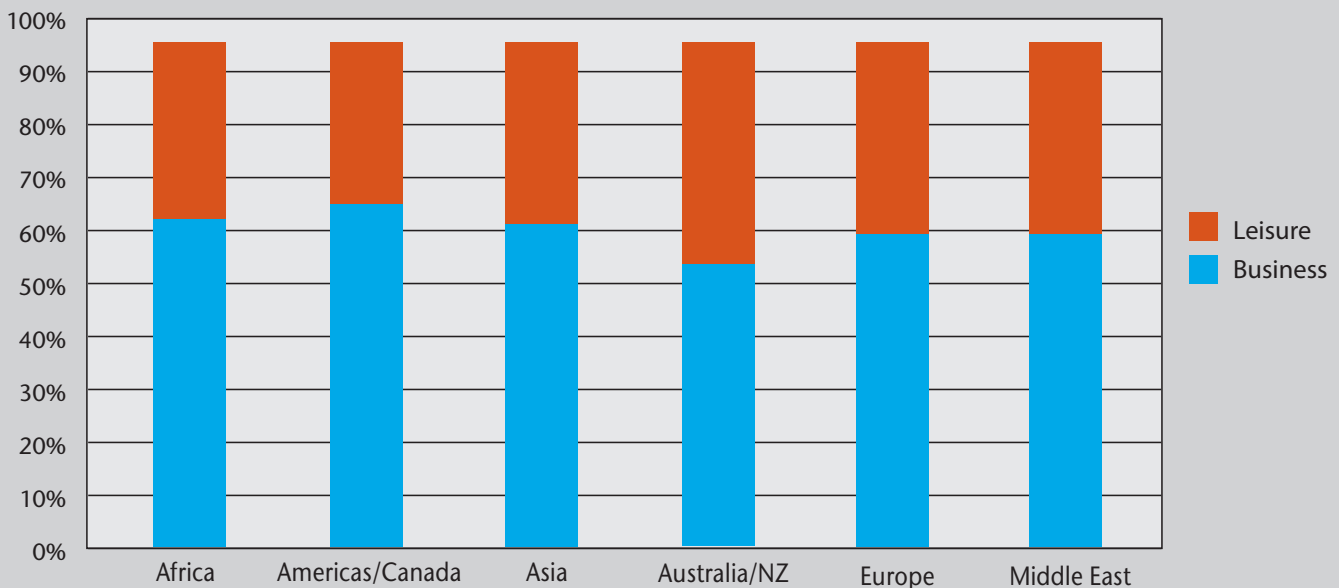
There are similarities here with the relocation market. Most temporary assignments of less than two years are placed by relocation agents into long-term residential accommodation. A full corporate housing service is usually excluded from the package which typically consists of home search, tenancy negotiation and 'settling in' support.

Relocation packages also range from end-to-end solutions (in which the provider is paid to look after the transferee's move) to lump sum relocation payments that leave the employee to make their own arrangements within or below the available lump sum. Whilst the latter may be unacceptable to European companies' Duty of Care policies, Indian companies sending their personnel to the UK, for instance, are not bound by the same legal requirements.

Major hotel brands continue to move into serviced apartments; Starwood Hotels and Resorts Element brand and Home2 Suites by Hilton are good extended stay examples of this. Almost all of their apart-hotels are purpose built rather than acquisitions of other people's buildings. Here too, though, the recession has caused the brakes to be applied to operators' expansion programmes.

Some developers are turning to hotel operators to take over the management of their buildings because of their expertise in doing so. In locations such as Dubai, apartment blocks are being operated by hoteliers simply because the hotel and apartment buildings are adjacent.

Business Type - business vs leisure



Source: The Apartment Service operators' Survey 2009

In the medium term, I believe there will be more opportunities for hotel chains to expand in this way. They will be able to take advantage of apartment owners who need a partner to assist them in operating their property whilst they wait for things to pick up. This will increase apartment availability temporarily and in the longer term if these arrangements prove successful. There is also a new breed of independent property investors emerging. They are prepared to accept the fluctuations in occupancy and financial performance associated with hotels and serviced apartments.

Amidst the doom and gloom of the recession, new development projects have still taken place. Indeed, it is partly due to the financial climate that demand for both serviced apartments and corporate housing has been relatively healthy. After the slump of the early 1990's, budget hotels became popular with corporates wanting to cut costs. It is likely that this recession will have the same effect on extended stay products for the same reason.

Overheads are lower for apartment operators – especially in terms of staff

costs – and this equates to lower rates for apartment users. Ironically, aside from distribution, budget hotels are arguably one of the biggest challenges to serviced apartment operators in the US and the UK. But then, compare the area and comfort.... when this is looked at, there is an overwhelming argument in favour of serviced apartments.

The products serving the extended stay and corporate housing markets are increasingly distinct. Extended stay apartments tend to be studios and one-bed apartments whereas corporate housing units tend to be larger one and two bedroom apartments. This is convenient because extended stay hotels are essentially spacious hotel rooms with kitchens serving the transient traveller typically on stays of up to one month. Corporate housing is upgraded residential space, ideal for longer-term assignments away from home for more than a month.

On a nine-month assignment for example, you might want to take your family, or to invite friends round and entertain them, so the extra space and living areas work well and corporate housing is less costly

“Occupancy would be lower but aggressive marketing has alleviated this.”

Steven Leveton, Blue Chip Accommodation Group

Star Rating Quality Indicators

1 Star	Factors which indicate the minimum level of quality equivalent to One Star. Items may be described as acceptable. Generally, everything must be safe and clean, and older items, or those lacking in intrinsic quality, must work and be fit for their purpose. There should be no outstanding need for immediate repair and maintenance. This level will be presented to the consumer as a fair and satisfactory standard.
2 Star	Factors which indicate a quality level commensurate with Two Star. Items may be described as Quite Good to Good. Generally described as ‘quite good’, these items may be of simple quality and the range may be limited. However, they should be in good working order and there will be a high standard of cleanliness. This level will be presented to the consumer as a Good overall standard of quality.
3 Star	Factors which indicate a quality level commensurate with Three Star. Items may be described as Good to Very Good. Generally described as ‘good’. Not necessarily expensive, but they must be of good, sound quality and show some care has been taken. There must be a good standard of maintenance and decoration. This level will be presented to the consumer as a Very Good standard.
4 Star	Factors which indicate a quality level commensurate with Four Star. Items may be described as Very Good to Excellent. Generally described as ‘very good’. May be brand new, but not of the highest intrinsic quality or originally of high intrinsic quality, but not now necessarily in the best condition. This level will be presented to the consumer as an Excellent standard.
5 Star	Factors which indicate a quality level commensurate with Five Star. Items may be described as Excellent to Exceptional. Generally described as ‘excellent’. Providing high standards in the overall fabric of the building both internally and externally, together with excellent standards of management efficiency and guest services. This level will be presented to the consumer as Exceptional or World Class standard.



Quality Assessment

The issue of quality assessment of serviced apartments through an international accreditation process has not yet taken root.

In the UK, the decision to split Visit Britain into Visit England, Visit Wales and Visit Scotland has not helped matters. In addition, the larger apartment operators do not benefit as much as independents in joining, and any system that does not include the larger operators is therefore of no value to smaller operators either. Many of the existing grading schemes were designed for hotels and therefore evaluate facilities and services such as restaurants, concierge services, conference, function or meeting rooms that are not available in many serviced apartment blocks.

The ASAP believes that the answer lies in identifying leading operators with quality assurance programmes and then assessing the programmes rather than the apartments they relate to as they are marketing a branded service. In the European relocation market, it is the agent who receives accreditation rather than the properties sourced by that agent, because the locations and property requirements change from project to project and relocation agents are open to providing differing types of accommodation depending on what is requested.

A building that is maintained permanently as a serviced apartment block (such as extended stay), may be graded, but in corporate housing the client invariably relies on viewing the property, or the reputation of the provider, when deciding whether or not to book.

Report Methodology

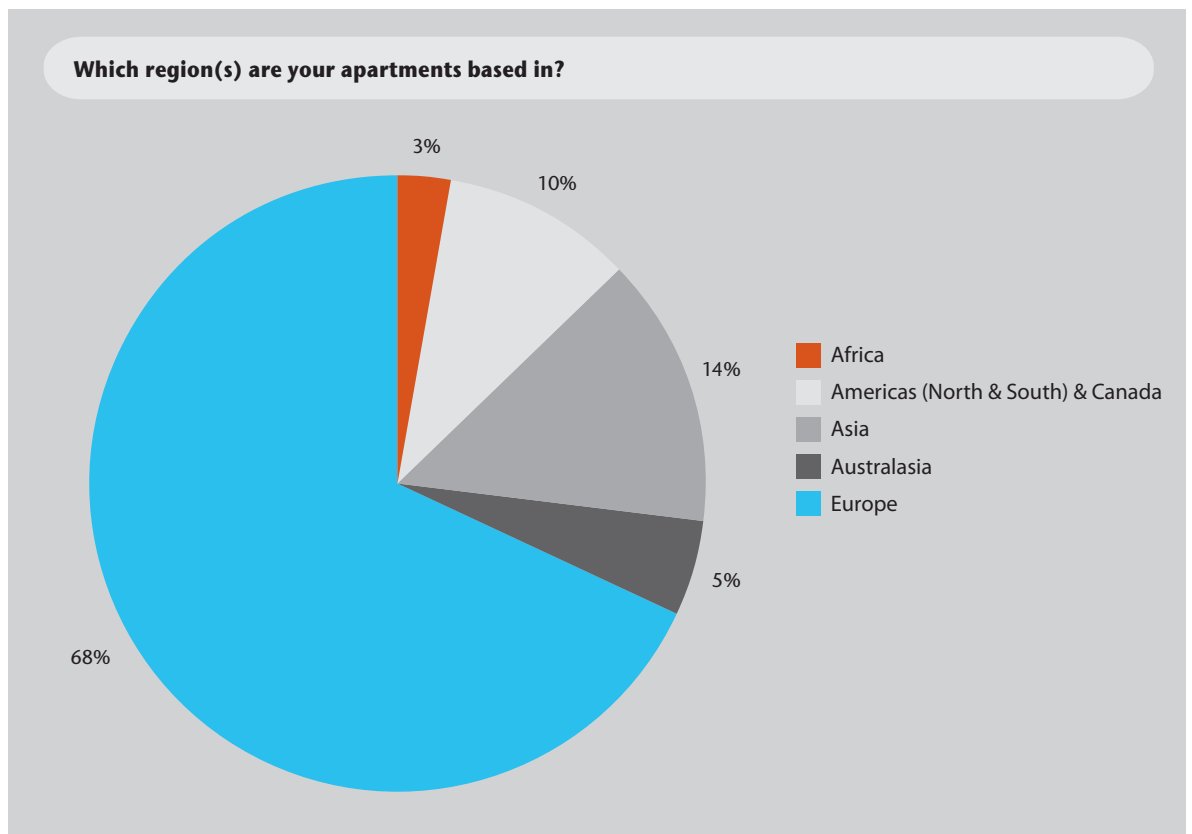
During September and October 2009, The Apartment Service contacted over 2,700 operators of serviced apartments.

The 200+ who participated in this survey run serviced apartments across the globe, although the biggest concentration (68%) was in Europe (including the UK). Thereafter, the regions best represented were Australasia (14%) and the Americas (10%). Please remember though that the largest

operators by numbers of apartments are in the Americas

The survey findings, supported by first hand testimony, are presented here on a region-by-region basis.

In addition to The Apartment Service's operators' survey, this report draws on many sources, which are listed at the end of the document.



Global Overview

Growth in number of extended stay apartments by region; 2009 vs. 2008

Regions	Locations	2009		2008	y-o-y increase %
		Units	% Share	Units	
Africa	61	1,850	0.41%	1,508	122.7%
Americas/Canada	5,171	332,866	74.47%	309,265	107.6%
Asia	399	31,573	7.06%	24,729	127.7%
Australia/New Zealand	382	29,415	6.58%	18,190	161.7%
Europe	1,084	46,604	10.43%	43,687	106.7%
Middle East	22	4,688	1.05%	4,619	101.5%
Totals	7,119	446,996	100.00%	401,998	111.2%

Source: *The Apartment Service operators' Survey 2009*

In common with most sectors of the hospitality industry, the speed of the recession's onset seems to have caught the serviced apartments sector by surprise.

Despite just under half of all operators (45%) reporting that occupancy decreased over 2008 levels, and that 77% of stays were either same duration (47%) or shorter (30%), both the number of apartment operators and inventory have increased in the last 12 months. Apartment usage worldwide is still business-dominated, with 62% of bookings coming from or for corporates.

68% of operators reported that the number of serviced apartments in their spheres of operation is increasing, whilst 72% believes there to be more apartments available to let. Interestingly, some operators believe that demand so far outstrips supply in some regions that new inventory will automatically drive new business.

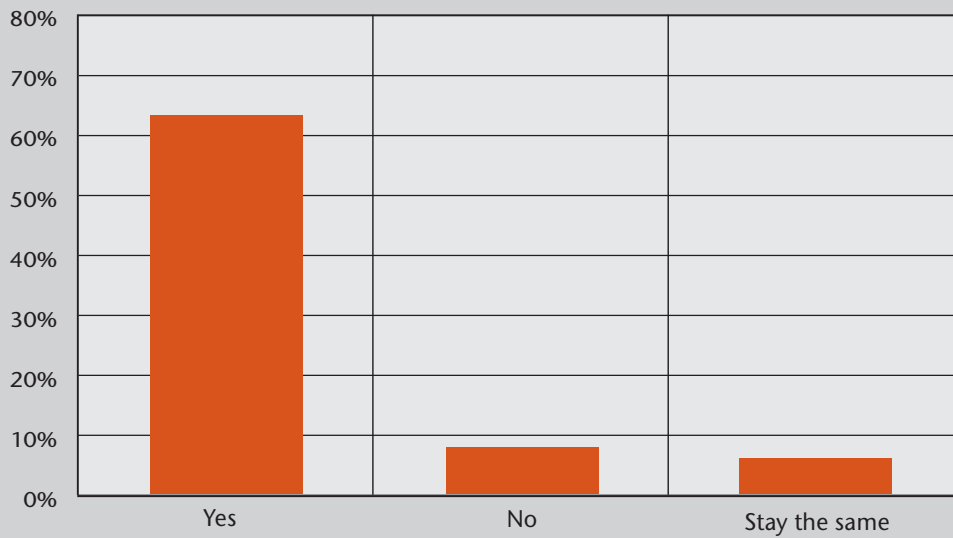
Operators are almost evenly split between those opening up their inventory via the GDS, and those who do not. This will be due to the type of sector these operators are trying to operate in – Extended Stay or Corporate Housing. However, the spirit of optimism about business in 2010 was emphasised by 86% declaring themselves positive about an upturn in first year of a new decade. Some operators reported that business was already improving, boosted by the rapid and steady recovery in the banking sector. Even those experiencing a slow recovery felt that the 3rd quarter of 2010 would be the point by which rates and occupancy would return to 2008 levels.

Asked what changes they would make to the industry, operators' biggest wish is for greater standardisation in terms of apartment grading, pricing, cancellation policies and quality control. A global reservations system is high on many operators' agendas, without the prohibitive pricing (for smaller businesses) of GDS.



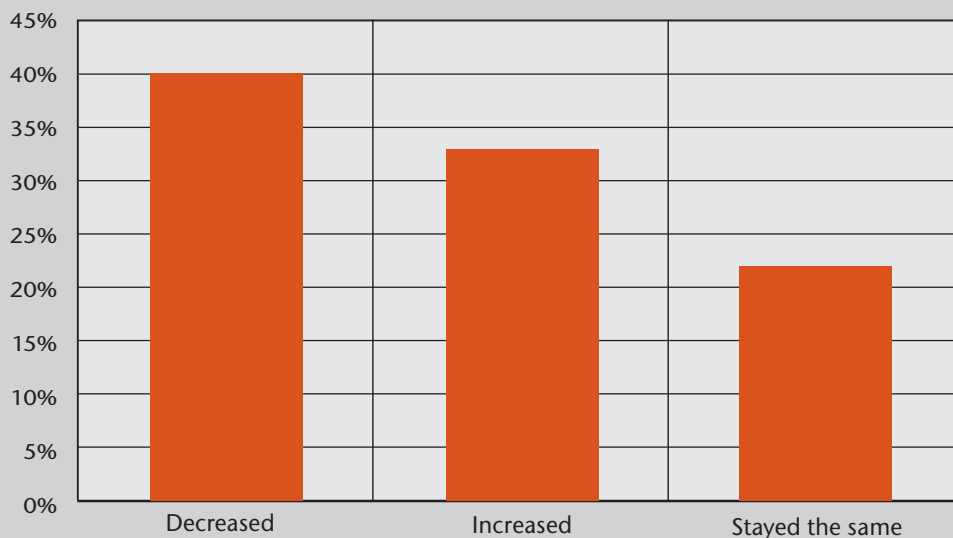
	2009		2008	y-o-y increase %
	Locations	Units	Units	
Extended Stay	7,119	446,996	401,997	11.97%
Corporate Housing		40,928	47,549	-13.92%
Totals		487,924		

Is the number of apartments in your region(s) increasing?



Source: The Apartment Service operators' Survey 2009

Did occupancy increase in 2009 vs 2008



Source: The Apartment Service operators' Survey 2009



Tokyo has replaced Moscow as the world's most expensive city for expatriates. The Russian capital drops to 3rd place behind Osaka and ahead of Geneva and Hong Kong. Johannesburg is now the least expensive.

Currency fluctuations have been a major factor in the rankings, researched by Mercer for their Cost of Living Survey. Sterling and the Euro have weakened against the dollar, explaining why the majority of European, Australasian and Indian cities have moved down whilst

cities in the US, China, Japan and the Middle East have surged in the other direction.

By comparison, only Moscow is in the top five most expensive cities in which to stay, although Geneva and Hong Kong feature in the top 10.

Top 50 most expensive cities worldwide

1st	Tokyo, Japan
2nd	Osaka, Japan
3rd	Moscow, Russia
4th	Geneva, Switzerland
5th	Hong Kong, China

Source: Mercer Cost of Living Survey 2009

“The recession definitely impacts both the occupancy and the rate. The breakeven requires a higher occupancy because the rates have come off by a significant percentage.”

Grant Kirchmann, Westpoint Executive Suites

Top 10 most expensive cities worldwide: 2009 v 2008

City	2009 Average Room Rate GBP	2009 Average Room Rate Local Currency	2008 Average Room Rate GBP	2008 Average Room Rate Local Currency	Variance in Local Currency	Variance in GBP	2008 Ranking in Local Currency
Moscow	£268.11	RUB 13,263	£312.92	RUB 14,796	-10%	-14%	1
Abu Dhabi	£253.36	AED 1,390.22	£183.33	AED 1,330.32	5%	38%	8
Paris	£203.46	€227.55	£199.50	€257.73	-12%	2%	3
New York City	£200.21	\$299.01	£197.99	\$391.07	-24%	1%	5
Milan	£191.28	€213.93	£196.00	€253.20	-16%	-2%	4
Geneva	£188.74	CHF 317.85	£183.13	CHF 379.91	-16%	3%	6
Hong Kong	£183.15	HKD 2,120.67	£167.63	HKD 2,581.81	-18%	9%	13
Dubai	£182.84	AED 1,003.23	£180.95	AED 1,313.05	-24%	1%	7
Copenhagen	£181.70	DKK 1,514.40	£173.77	DKK 1,673.99	-10%	5%	11
Rome	£179.49	€200.74	£179.01	€231.25	-13%	0%	12

Source: HRG 2009 Hotel Rates Survey

Regional Reports

Africa

During 2009, most African cities moved up in the Mercer rankings of the world's most expensive cities for ex-pats. But whilst Cairo leaped 44 places to 57th as the Egyptian pound fared well against the US dollar. The sharp decrease of the South African rand against the US dollar saw Johannesburg slip to bottom position.

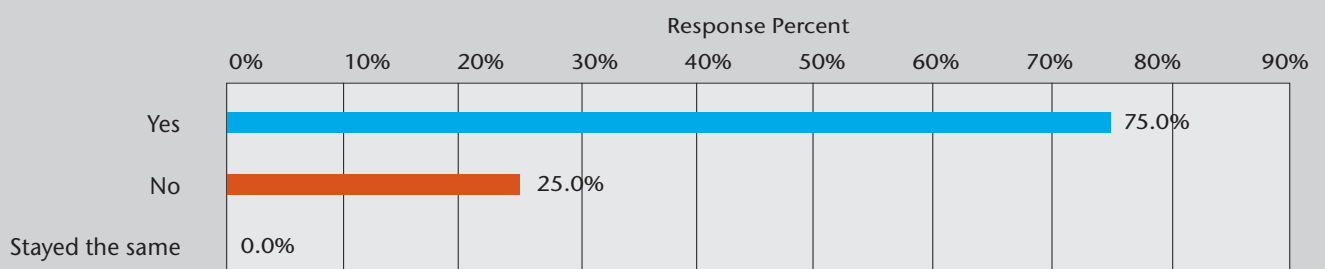
In ECA International's cost of living survey, Africa proved to be home to the most expensive and cheapest locations. Angola's capital, Luanda was the most expensive place in the world for foreigners, due mainly to the items typically purchased by international assignees being much more expensive in a location where they are not readily available locally. Maseru in Lesotho is the cheapest location in the survey for visitors.

Zimbabwe's capital Harare, once the survey's most expensive city for foreigners, is no longer included in the ECA rankings due to the exceptional spiralling inflation there.

By contrast, the serviced apartments industry in South Africa is pinning its hopes on the 2010 FIFA World Cup. Despite the global recession, between 430,000 and 460,000 international visitors are expected to go to South Africa for the tournament; however an acute shortage of hotel rooms in the nine host cities has forced the creation of satellite accommodation areas with fans being bussed in on match days.

On average, 2009 rates for serviced apartments in Africa showed healthy increases over 2008. Studios enjoyed a 10% high season increases regardless of tenancy duration, whilst one bed apartment rates remained unchanged for lets of under one month, although stays of more than a month showed a 22% year-on-year increase in high season. Two bed apartments performed best - a 32% rise in low season - and worst with a 17% year-on-year fall for short term lets.

Is the serviced apartment sector growing by numbers of serviced apartments in your global region?



Source: The Apartment Service Survey 2009

Regional Trends

The African corporate housing market is characterised by a shortage of supply, and an influx of investment in the apartments market – not least because of the lower risk than the equities market.

In Africa the impact of the global recession on some operators has been fewer bookings, lower rates and occupancy either static or down by up to 20%. 75% of respondents to our survey confirmed that occupancy had fallen in

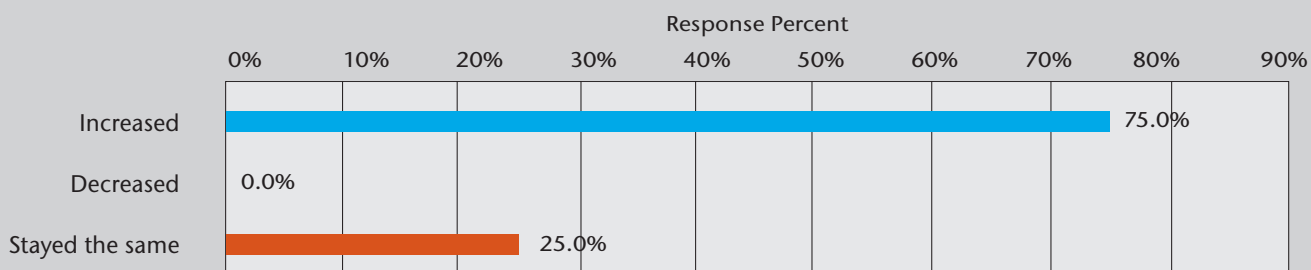
2009, with 50% also suffering a decrease in the length of average stay.

In many cases occupancy would have been lower still but for aggressive marketing. However rates have been so badly hit that higher occupancy has been the only way apartment operators can achieve break even. Consequently many operators – big and small – have struggled.

The recession has forced some apartment operators in Africa to shelve plans to open more inventory in 2010 & beyond. Although others, like the Tamarind Group have taken the opportunity to accelerate their growth by managing buy-to-let apartments on behalf of developers.

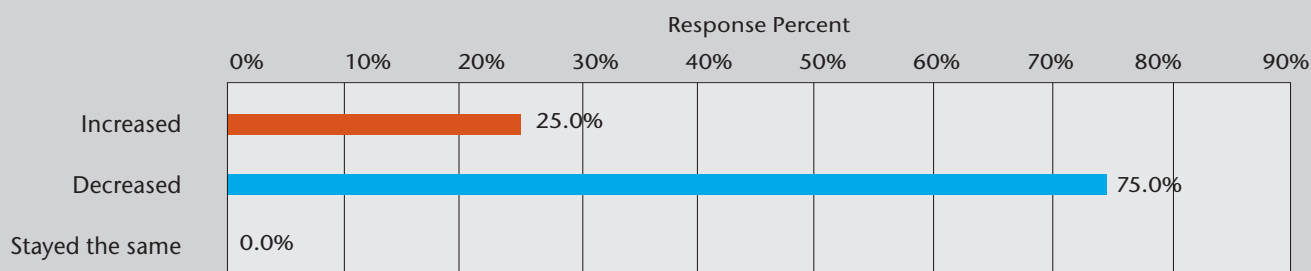
However there is optimism amongst the remaining operators. 75% of respondents to our survey with apartments in Africa believe the number of operators and apartments in the region to be growing.

Has the number of serviced apartment operators in your global region in the past year:



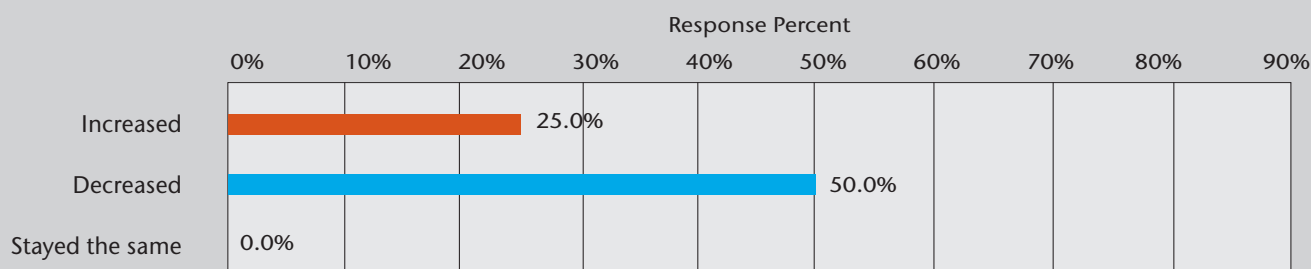
Source: The Apartment Service Survey 2009

Has your occupancy for 2009 (compared to 2008):



Source: The Apartment Service Survey 2009

Has your average length of stay for 2009 (compared to 2008):



Source: The Apartment Service Survey 2009

Regional Rates
NB. The rates shown are from the lowest to the highest across all property types

Africa	Studio				One Bedroom				Two bedroom					
	2009 average rates	Variance Y-o-Y 09/08	Local Currency	US\$	2009 average rates	Variance Y-o-Y 09/08	Local Currency	US\$	2009 average rates	Variance Y-o-Y 09/08	Local Currency	US\$	2009 average rates	Variance Y-o-Y 09/08
1-6 nights (nightly rate)	ZAR 600 - 2,750	80 - 370	ZAR 620 - 3,950	83 - 533	ZAR 900 - 4,950	121 - 667	ZAR 900 - 4,950	121 - 667	ZAR 600 - 2,750	2%	ZAR 620 - 3,950	83 - 533	ZAR 900 - 4,950	29%
7 nights + (nightly rate)	ZAR 550 - 2,475	74 - 333	ZAR 558 - 3,600	75 - 485	ZAR 800 - 4,700	107 - 634	ZAR 800 - 4,700	107 - 634	ZAR 550 - 2,475	2%	ZAR 558 - 3,600	75 - 485	ZAR 800 - 4,700	27%
1 month + (monthly rate)	ZAR 15,015 - 67,567	2025 - 9119	ZAR 16,929 - 79,200	2284 - 10683	ZAR 24,500 - 81,000	3239 - 10,925	ZAR 24,500 - 81,000	3239 - 10,925	ZAR 15,015 - 67,567	4%	ZAR 16,929 - 79,200	2284 - 10683	ZAR 24,500 - 81,000	32%
		Lowest rate achieved	Highest rate achieved		Lowest rate achieved	Highest rate achieved		Lowest rate achieved	Highest rate achieved		Lowest rate achieved	Highest rate achieved		Highest rate achieved

Rates in key cities

Africa	Q3 2009 Rate - Studio				Q3 2009 Rate - One bedroom				Q3 2009 Rate - Two bedroom			
	Local Currency	US\$	Euro	Variance 09/08	Local Currency	US\$	Euro	Variance 09/08	Local Currency	US\$	Euro	Variance 09/08
1-6 nights (nightly rate)	Cape Town ZAR 918	\$124	€83	1%	ZAR 946	\$128	€85	-18%	ZAR 1,590	\$215	€143	-7%
7 nights + (weekly rate)	Cape Town ZAR 5,780	\$781	€522	1%	ZAR 5,964	\$805	€538	-18%	ZAR 10,017	\$1,353	€904	-7%
One month + (monthly rate)	Cape Town ZAR 13,200	\$1,784	€1,191	10%	ZAR 12,500	\$1,688	€1,128	-13%	ZAR 17,229	\$2,327	€1,555	-4%
3 month + (rate per month)	Cape Town ZAR 11,400	\$1,540	€1,029	6%	ZAR 12,300	\$1,661	€1,110	-5%	ZAR 16,200	\$2,188	€1,462	0%
1-6 nights (nightly rate)	Nairobi KES 5,551	\$74	€50	10%	KES 9,000	\$120	€81	11%	KES 10,100	\$135	€91	15%
7 nights + (weekly rate)	Nairobi KES 34,971	\$468	€314	8%	KES 56,700	\$758	€509	9%	KES 63,630	\$851	€571	14%
One month + (monthly rate)	Nairobi KES 121,229	\$1,621	€1,088	3%	KES 195,213	\$2,610	€1,752	3%	KES 208,845	\$2,792	€1,874	2%
3 month + (rate per month)	Nairobi KES 113,100	\$1,512	€1,015	1%	KES 186,880	\$2,498	€1,677	4%	KES 192,937	\$2,579	€1,731	-1%

Disclaimer: These rates are average rates and may vary per location, time of year, regional promotions and specific lengths of stays

Rates quoted are based on average 4 star extended stay properties and exclude taxes

Exchange rates used 18 November 2009



AMERICAS & CANADA

A strong US dollar has seen New York confirmed as the region's most expensive city and Manhattan the costliest North American location for ex-pats working on assignment. Los Angeles and Washington are the second and third most expensive US cities. Toronto is Canada's most expensive city, followed by Ottawa and Montreal. Meanwhile, south of the US border, falls in Brazil's cost of living has seen Rio do Janeiro lag behind Port of Spain in Trinidad (where the currency is linked to the US dollar) as South America's most expensive location.

Government contractors, military personnel and IT professionals – each less sensitive to economic cycles - are heavy users of extended-stay product.

USA - Extended Stay

According to the Extended-Stay Lodging Report, the second quarter of 2009 saw extended-stay hotels record a 17% drop in RevPAR - the largest ever reported in the US. However, despite an overall decline, the extended stay segment has still performed better than the hotel industry in most operating performance criteria

A growth in extended stay inventory of more than 7% affected overall RevPAR; whilst by Q3 demand for extended stay products had reached a five-year high. During the 12 months to June 2009, the number of rooms increased by 6.6%.

One casualty was Extended Stay Hotels, which operated the mid-price and economy Extended Stay Deluxe, Homestead Studio Suites and Crossland Economy Suites brands. However, despite overall falls in corporate travel usage, some operators benefitted as liquidation

and bankruptcy teams brought more extended stay business.

Despite growing demand, average occupancy at U.S. extended-stay hotels fell as a spike in new room openings produced the fastest rate of supply growth in eight years. More than 40% of rooms under construction at mid-year had opened by the third quarter; however a slow down in new openings into 2010 and an economic pick up should help occupancy levels to recover.

USA - Corporate Housing

The 2009 Corporate Housing Industry Report, compiled by The Highland Group, states that the Corporate Housing Industry has reacted to more stringent conditions and cut back due to reduced demand and increased competition. We have adjusted our figures of inventory numbers down to 40,928 after taking into account the corporate housing providers who have their apartment numbers already listed in the extended stay list. There were an estimated 1,095 corporate housing operations in the US in 2008. Most providers expect the market to grow modestly in 2010.

During 2008, occupancy dropped slightly to 88.5% compared to 2007, and many corporate housing providers expected business to remain flat or decline during 2009, with several preparing to cut expenses. However few expected to cut rates due to the impact of the recession, according to the report.

However the Corporate Housing Providers Association predicts that 2010 will see an up-turn, and this confidence is supported by Smith Travel Research's findings that 2009 US hotel average rates

were down 8.8% compared to 1.6% for corporate housing rates during the same period.

Nationwide corporate housing inventory dropped by 5.7% in 2008 and was forecast to fall by 2.9% in 2009 due to the recession. Areas showing growth include Washington, D.C., where inventory increased 9.4%; Los Angeles and St. Louis both showing inventory increases of 8%, and Houston, up 7.1%. The Highland Group estimated overall inventory across the US would decline by 2.9% in 2009.

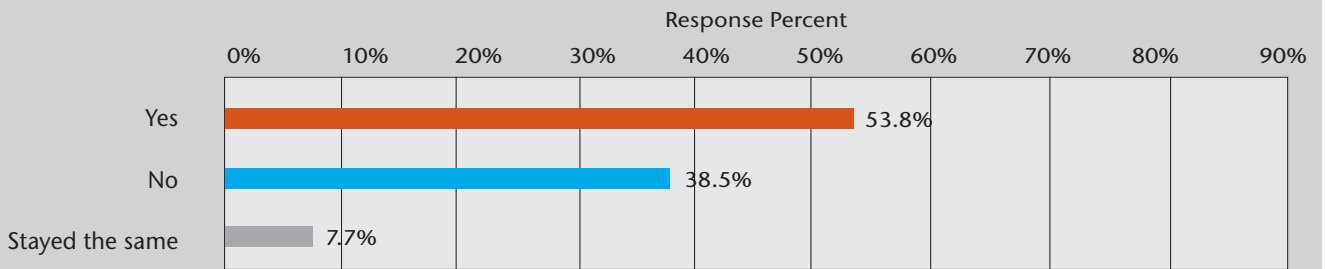
Operator Survey Results

The Apartment Service 2009 survey of operators found that, whilst the number of operators and volume of apartment inventory are both increasing, the rate of growth is slower than that of most other global regions in the survey.

“The majority of our renters lately have been IT Consultants (looking for housing for upcoming projects), government & military relocates.”

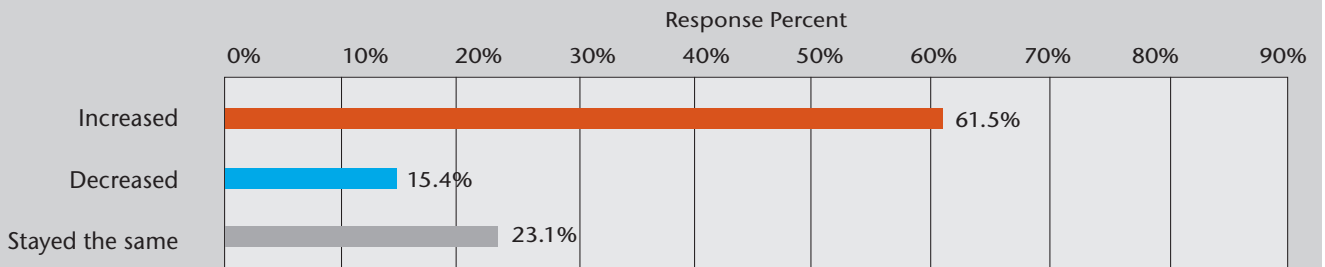
**Erin Bozan,
the Corporate Housing Network**

Is the serviced sector growing by numbers of serviced apartments in your global region



Source: The Apartment Service Survey 2009

Has the number of serviced apartment operators in your global region(s) in the past year:

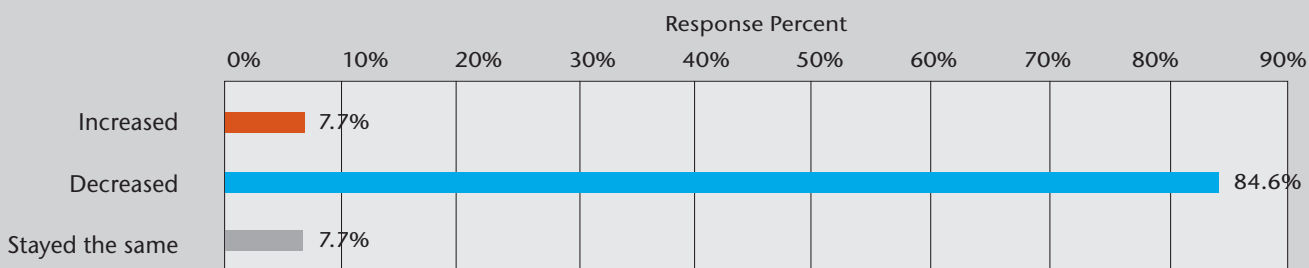


Source: The Apartment Service Survey 2009

Whilst the overwhelming majority of operators in the survey (85%) had seen falls in occupancy, a much lower percentage (31%) had also witnessed drops in the average length of stay, and the majority of respondents (62%) had seen average length of stay remain unchanged.

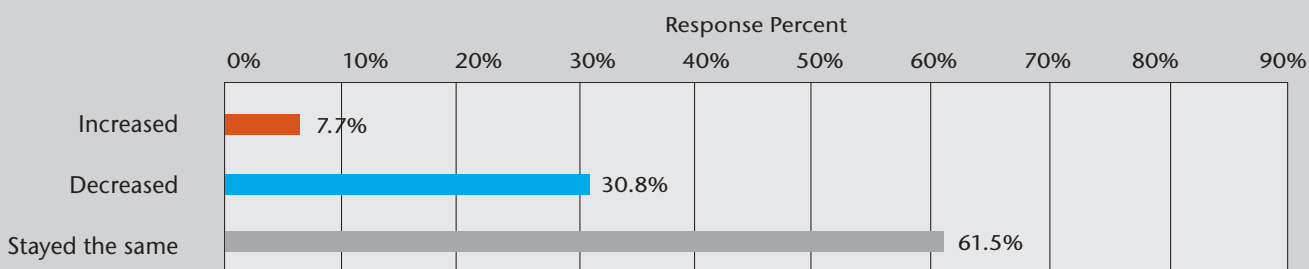


Has your occupancy for 2009 (compared to 2008)



Source: The Apartment Service Survey 2009

Has your average length of stay for 2009 (compared to 2008)



Source: The Apartment Service Survey 2009

Selection of New Openings

City	Property	Owner	Units	Style
New York - Manhattan	The Candlewood Suites , New York City Times Square	Intercontinental Hotels Group	188	Studio
Phoenix, Arizona	Homewood Suites	Hilton Hotels	125	Studio, 1, 2 bedrooms
West Palm Beach, Florida	Homewood Suites	Hilton Hotels	114	Studio, 1, 2 bedrooms
Pittsburgh, Pennsylvania	Homewood Suites	Hilton Hotels	113	Studio, 1, 2 bedrooms
Houston, Texas	Element Houston Vintage Park	Starwood Hotels	123	Studio
Irvine, Texas	Element Dallas Fort Worth Airport North	Starwood Hotels	123	Studio

New Properties

In recent years, Starwood Hotels & Resorts has introduced its Westin extended-stay offering and sister Element brand, and Hyatt has revamped the Summerfield Suites extended-stay brand acquired from Blackstone in 2005. In 2008 Hilton Hotels announced that the new Home2 Suites by Hilton mid-scale, extended-stay brand would join the existing Homewood Suites by Hilton. An average Home2 Suites property will have 108 rooms, of which 80% will be studios and 20% one-bedroom suites, over four floors.

2008 saw Choice Hotels International, operators of the mid-price MainStay Suites and Suburban Extended Stay brands announce plans for an upscale extended stay brand, although as new build properties this could be a long-term plan.

IHG announced a trebling of extended stay hotels in the Houston area. Another 2,400 suites would be added through Staybridge and Candlewood Suites with a further 27 properties in the pipeline.

CANADA

Canada does not have as many extended stay hotel operators or inventory. However the average daily rates for Calgary, Toronto and Vancouver are comparable to the larger cities in the US.

Downtown Toronto rates were the highest, at C\$128, followed by Vancouver, where the average rate was C\$126, and Calgary, where the average rate was C\$105. Toronto occupancy also was the highest, at 87 percent.

In 2007, the extended-stay sector was worth C\$300 million – around 2.7% of Canada’s accommodations market. However the effects of the recession have differed from location to location. Real estate prices have not fallen, on average, as much as in the US, with the result that people have been reluctant to sell their homes, and be forced to take a loss by moving up to Canada and buying something that might be more costly. Consequently, there has been an increase in unsold homes being used as temporary corporate housing.

Corporate Housing

According to the Corporate Housing Providers Association, the combined corporate housing inventory in Toronto, Vancouver and Calgary is 3,541 units. Like the US, occupancy is high compared to the extended stay and hotel sectors averaging around 70%. Toronto enjoyed 87% occupancy, Calgary 85% and Vancouver 81%.

CENTRAL AND SOUTH AMERICA

Central and South American serviced apartment rates showed the strongest growth in the region, with rates for studio and two-bed apartments growing by up to 35% from 2008 levels. The biggest rate fall came from one-bed apartments in North America/Canada - 26% over 2008 levels for short term lets.

A studio in Buenos Aires represented best value at \$65 a night. By contrast, a similar product in New York cost \$192 in mid 2009. A two-bed apartment in the Big Apple cost \$390.

“Both occupancy and rate are down in most of our markets.”

Audrey Murante, Carlson



“Occupancy has fallen and so have rates. Occupancy has fallen by at least by 20% - 25% and rates by 35% - 40%”

Chetan Mehta, Best Western the Emerald Chalet

Regional Rates

NB. The rates shown are from the lowest to the highest across all property types

	Studio				One Bedroom				Two bedroom			
	2009 average rates		Variance Y-o-Y 09/08		2009 average rates		Variance Y-o-Y 09/08		2009 average rates		Variance Y-o-Y 09/08	
	Local Currency	Lowest rate achieved	Highest rate achieved	Local Currency	Lowest rate achieved	Highest rate achieved	Local Currency	Lowest rate achieved	Highest rate achieved	Local Currency	Lowest rate achieved	Highest rate achieved
North America/Canada & Central/South America												
North America/Canada	USD 95 - 220	-25%	-3%	USD 135 - 360	-10%	-26%	USD 180 - 460	-10%	-20%	USD 170 - 425	-6%	-19%
North America/Canada	USD 70 - 220	-42%	2%	USD 128 - 335	-5%	-24%	USD 170 - 425	-6%	-19%	USD 2,350 - 4,570	12%	6%
North America/Canada	USD 1,850 - 3,100	23%	3%	USD 1,950 - 3,800	8%	6%	USD 2,350 - 4,570	12%	6%			
Central & South America	USD 60 - 160	5%	33%	USD 90 - 200	0%	0%	USD 130 - 320	8%	19%			
Central & South America	USD 50 - 145	-4%	29%	USD 81 - 180	0%	0%	USD 121 - 345	10%	38%			
Central & South America	USD 1,650 - 2,250	50%	-6%	USD 1,750 - 3,000	35%	5%	USD 1,900 - 3,800	19%	9%			

Rates in key cities

	Q3 2009 Rate - Studio				Q3 2009 Rate - One bedroom				Q3 2009 Rate - Two bedroom			
	Local Currency	US\$	Euro	Variance 09/08	Local Currency	US\$	Euro	Variance 09/08	Local Currency	US\$	Euro	Variance 09/08
	North America/Canada & Central/South America											
Buenos Aires (nightly rate)	ARS 248	\$65	€43	-19%	ARS 343	\$90	€60	-25%	ARS 496	\$130	€87	-19%
Buenos Aires (weekly rate)	ARS 1,602	\$420	€281	-22%	ARS 2,212	\$580	€387	-19%	ARS 3,203	\$840	€561	-5%
One month + (monthly rate)	ARS 6,841	\$1,793	€1,201	12%	ARS 7,345	\$1,926	€1,290	5%	ARS 8,390	\$2,200	€1,474	2%
3 month + (rate per month)	ARS 6,445	\$1,690	€1,129	17%	ARS 6,610	\$1,733	€1,161	5%	ARS 7,650	\$2,006	€1,344	3%
New York (nightly rate)	USD N/A	\$192	€128	-12%	USD N/A	\$280	€187	-9%	USD N/A	\$390	€261	-21%
New York (weekly rate)	USD N/A	\$1,276	€852	-5%	USD N/A	\$1,862	€1,244	-2%	USD N/A	\$2,594	€1,733	-16%
One month + (monthly rate)	USD N/A	\$3,250	€2,171	8%	USD N/A	\$4,545	€3,036	14%	USD N/A	\$5,100	€3,407	2%
3 month + (rate per month)	USD N/A	\$3,000	€2,004	11%	USD N/A	\$3,850	€2,572	7%	USD N/A	\$4,800	€3,207	7%
Rio de Janeiro (nightly rate)	BRL 120	\$70	€47	18%	BRL 190	\$110	€74	27%	BRL 210	\$122	€81	13%
Rio de Janeiro (weekly rate)	BRL 798	\$462	€310	23%	BRL 1,197	\$695	€464	5%	BRL 1,396	\$811	€542	-7%
One month + (monthly rate)	BRL 3,112	\$1,802	€1,212	24%	BRL 4,568	\$2,653	€1,773	24%	BRL 6,048	\$3,512	€2,347	11%
3 month + (rate per month)	BRL 2,800	\$1,621	€1,090	24%	BRL 4,180	\$2,427	€1,622	26%	BRL 5,444	\$3,161	€2,113	11%
Toronto (nightly rate)	CAD 99	\$95	€63	11%	CAD 122	\$116	€78	12%	CAD 145	\$138	€92	4%
Toronto (weekly rate)	CAD 658	\$628	€420	18%	CAD 768	\$733	€490	13%	CAD 964	\$920	€615	10%
One month + (monthly rate)	CAD 2,300	\$2,196	€1,468	15%	CAD 2,700	\$2,578	€1,723	8%	CAD 3,390	\$3,235	€2,162	6%
3 month + (rate per month)	CAD 2,000	\$1,909	€1,276	11%	CAD 2,375	\$2,267	€1,516	6%	CAD 3,200	\$3,054	€2,041	11%

Disclaimer: These rates are average rates and may vary per location, time of year, regional promotions and specific lengths of stays. Rates quoted are based on average 4 star extended stay properties and exclude taxes. Exchange rates used 18th November 2009

ASIA

The serviced apartments market in Asia has not been immune to the effects of the global recession, although as the sector caters more for extended stay than transient corporate travellers, it has proved more resilient than hotels.

In Asia, serviced residences have proven better value for companies with staff sharing an apartment instead of booking individual hotel rooms. Companies have also enjoyed the flexibility of accommodating staff over an extended period without having to commit to long leases.

Tokyo is the most expensive city for expatriates both in Asia and second globally. The Japanese yen has strengthened considerably against the US dollar; however the rupee made a significant loss against the US dollar in 2008, so the cost of living in India has fallen for relocation assignees.

Chinese cities have experienced the reverse effect. Beijing is now the ninth most expensive city in the world. Shanghai, Shenzhen and Guangzhou follow in 12th, 22nd and 23rd place respectively. However price increases are slowing more in the West than in Asia.

Not all Asian currencies have strengthened, however. The tumbling Korean won saw Seoul, the region's most expensive location for assignees in 2007, fall to 17th position regionally and 101st worldwide. Likewise, the depreciation of the ringgit has made the cost of living cheaper for assignees heading to Malaysia, while the Thai baht, the Indonesian rupiah and the Taiwanese dollar all depreciated against the US dollar during 2009.

According to our research, Bangalore was the cheapest location in the region for serviced apartments, with a studio costing just \$54 against \$252 for the same product in Singapore. However, the most expensive city for serviced apartments was Mumbai, where a two-bed apartment cost \$454 a night.

Cost of living – top 5 cities overall

1st	Tokyo, Japan
2nd	Osaka, Japan
3rd	Moscow, Russia
4th	Geneva, Switzerland
5th	Hong Kong, China

Source: Mercer

Cost of living - top 5 cities in Asia Pacific (Figures are world rankings)

1st	Tokyo, Japan
2nd	Osaka, Japan
5th	Hong Kong, China
9th	Beijing, China
10th	Singapore, Singapore

The lowest ranking Asian city in the top 50 is Guangzhou (23rd)
Source: Mercer



CHINA HONG KONG

The recovery of the US dollar against many major currencies has meant that cost of living in Hong Kong, where the currency is linked to the dollar, has risen relative to many other locations.

Companies sending staff into Hong Kong and paying them in their home currency saw their employees' purchasing power suffer as a result, although it is now cheaper for Hong Kong companies to send staff to most locations worldwide than it was 12 months ago.

Hong Kong's serviced apartments showed signs of decline throughout 2009. The luxury residential leasing market saw a drop in rentals of up to 25% between August 2008 and April 2009 as corporations implemented different cost-cutting measures including cutting housing budgets. By comparison, across all apartment types, the fall in the same period was 13%.

The number of summer interns - a key market for short-term and studio-type serviced apartments - fell substantially in 2009. The market also saw an increasing number of local relocations during Q1 of 2009, as tenants chose to relocate to cheaper areas, or to downgrade their accommodation in size or quality.



Some apartment operators have responded to market conditions by offering lower rates to boost occupancy. 75% of serviced apartment tenancies are for less than six months, as tenants prefer to stay in serviced apartments for a short period before committing to a long lease in standard units when the economy stabilises.

Average luxury residential rentals are expected to fall 12% during 2010, while serviced apartment rentals are predicted to fall by no more than 8% during the same period. As one operator puts it, "Once we are on the upside of this recession, there will be a mad sprint for revenue. Our development pipeline is strong, thus has not been impacted and we will be in an ideal position in many more markets than we were in prior to the recession."

New Properties

Although some hotel chains such as Marriott, Harbour Plaza and Four Seasons have offered extended stay product in Hong Kong for some years, growing demand has seen competitors enter the local market including Ovolo, Shama, V, Fraser Suites, Citadines and HarbourView Place@ICC Megalopolis.

Fraser's Hospitality's Modena boutique brand launched with a 104-unit property in downtown Tianjin and the announcement of plans to establish three properties in China - one in Shanghai and two in Suzhou. The fifth will open in Singapore in 2012.

New Properties

City	Property	Owner	Units	Style
Beijing	The Sandlewood	Marriott Executive Apartments	168	1, 2, 3 bedrooms
Chengdu	Shama Central Point	Shama	200	Studio - 2 bedrooms
Chongqing	Somerset JieFangBei	Ascott International	157	Studio - 2 bedrooms
Dalian	Shama Luxe Grand Central	Shama	195	1, 2, 3 bedrooms
Hong Kong	CHI Residences 314	CHI International	59	Studio - 2 bedrooms
Hong Kong	Fraser Suites	Fraser's Hospitality	87	1 bedroom
Shanghai	Fraser Residence	Fraser's Hospitality	272	1, 2, 3 bedrooms
Shenzhen	Somerset Garden City	Ascott International	147	Studio - 3 bedrooms
Tianjin	Somerset Youyi Tianjin	Ascott International	250	Studio - 3 bedrooms

INDIA

Demand for serviced apartments in India also declined during 2009 due to the slowdown. However, a lack of extended stay providers and cheap hotel room prices has also restricted supply. Compared with global markets, India still lacks dedicated serviced apartment providers. Consequently, hotel chains have dominated the markets. However, in Bangalore, mid-market hotel brands and serviced apartment chains are fighting it out for the same customers as the recession drives demand for cheaper hotel rooms.

The high average room rates, in addition to the current slump, have reduced hotel occupancies by 57% in cities like Bangalore, Hyderabad and Pune’s four-star hotels. Serviced apartment players are re-looking at the market, with many operators in talks with developers to enter into management contracts and secure value for money property.

Demand for serviced apartments across India is increasing, due partly to the growing number of IT parks and multinational corporations operating locally. The growth in serviced apartments supply growth is expected to bridge the demand for hotel rooms in India, and to continue into the next decade.

However, existing operators remain cautious. Some have seen occupancy during the recession fall by at least 20%, and rates by up to 40%. Most have placed development plans on hold until after Q1 of 2010.

" Occupancy has fallen and so have rates. Occupancy has fallen by at least 20% - 25% and rates by 35% - 40%. "

Chetan Mehta, The Emerald Chalet



“We are performing better because of increased focus on direct sales to corporates and on internet marketing.”

Ashoke Kumar, Sterling Suites

New Properties

City	Property	Owner	Units	Style
Bangalore	Oakwood Premier Prestige	Oakwood	177	Studio – 3 bedrooms
Bangalore/ Bengaluru	The Royal Orchid Suites	Royal Orchid Hotels	88	Studio – 3 bedrooms
Pune	Oakwood Premier Pune	Oakwood	202	Studio – 3 bedrooms
Gurgaon	Radisson Suites Gurgaon	Radisson	32	Studio – 1 bedroom

MALAYSIA & PHILIPPINES

Fraser's Hospitality has signed its second serviced residence in Kuala Lumpur. The 446-unit serviced residence development will be named Fraser Residence Kuala Lumpur and will comprise two towers with one and two-bedroom serviced apartments.

SINGAPORE

During 2009, price rises have not slowed down as much in Singapore as in other parts of Asia. The prices of goods and services in China and Malaysia rose at half 2008's pace, compared to 25% in Singapore. Currencies operable in locations previously more expensive than Singapore, notably London, Stockholm and Istanbul, depreciated faster than the Singapore dollar, contributing to Singapore becoming more expensive for visitors than many of the other locations in Asia.

Instead of the three to four year projects, Singapore apartments are now being occupied by project groups undertaking projects for between one and eight months. In Singapore, the hotel industry saw RevPAR drop by almost 40% over the 12 months since the start of the financial crisis in 2008. However, the serviced apartments segment remained resilient, RevPAR dropping by just 15% over the same period.

New Properties				
City	Property	Owner	Units	Style
Johor Bahru	Thistle Johor Bahru	Thistle Hotels	19	1 bedroom
Kuala Lumpur	Fraser Place Kuala Lumpur	Fraser's Hospitality	446	1, 2 bedrooms
Manila	Premier Joy Nostalg Center	Oakwood	233	Studio – 3 bedrooms

Fraser's Hospitality saw occupancy stand at 90% in its two local properties, just 3% down on 2008, yet still cut rates during 2009. Overall, the serviced apartment sector in Singapore had occupancy rates of 75% - 80% compared with 50% - 60% for hotels.

Some private property developers are now turning their residential projects into serviced apartments. Ascott Hospitality confirmed it had been approached by developers. However, any change of land use must be approved by the Urban Redevelopment Board, and if some units in the development are already sold, the

property's management committee must agree to the plan.

Property and operating costs in Singapore are quite high, so net revenues generated from operating a serviced apartment will not necessarily yield as much return as an investor would like, unless they are designed right from scratch for use as serviced apartments and bought for that purpose.

Fraser's Hospitality will have 5,300 units in operation by the end of this year, and 8,000 units, including those in the pipeline, by the end of next year.



THAILAND

International operator Oakwood forecasted a 5% - 10% fall in occupancy at its properties in Thailand during 2009. Oakwood plans to operate another four properties in Thailand by 2011.



New Properties

City	Property	Owner	Units	Style
Bangkok	Anantara Baan Rajprasong Serviced Apartments	Anantara	97	1, 2 bedrooms
Bangkok	Marriott Executive Apartments Sathorn Vista	Marriott Executive Apartments	187	1, 2, 3 bedrooms
Bangkok	Oakwood Residence Garden Towers	Oakwood	167	Studio – 3 bedrooms
Bangkok	Radisson Hotel Bangkok Sathorn	Radisson	120	Studio – 3 bedrooms
Thong Lor	Oakwood Residence Thong Lor	Oakwood	67	Studio – 3 bedrooms
Thong Lor	Somerset Sukhumvit Thong Lor	Ascott International	262	Studio – 2 bedrooms

VIETNAM

The Vietnamese serviced apartment sector has seen a dip in growth, with quarter-on-quarter occupancy rates down 1% to 88% in Hanoi in the first three months of 2009. Fewer international companies appear willing to hire high-end units for staff, instead exploring affordable solutions such as buying apartments.

The serviced apartment market has also been hit by ex-pats leaving Vietnam. Average rents at grade A serviced apartments in HCM City dropped 11%, and grades B and C fell by 4% and 5% respectively. Meanwhile vacancies increased across all grades, with grade A posting the highest rate of 14%.

Operator Survey Results

The Apartment Service's 2009 survey of apartment operators found that the numbers of both apartment operators and apartments to be increasing. This perceived growth was complemented by

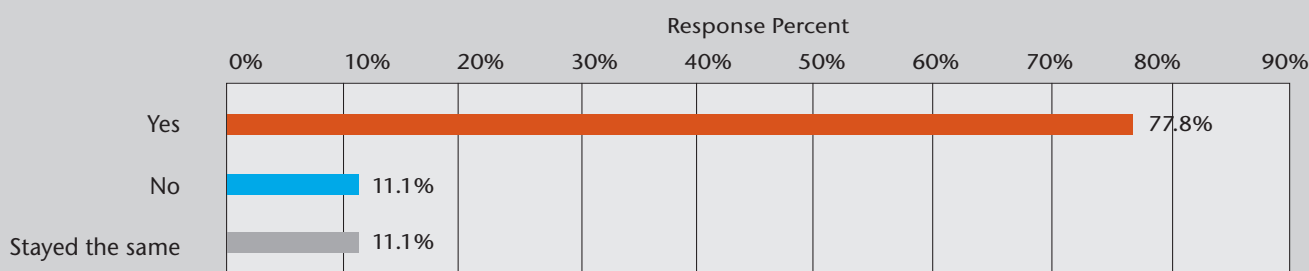
New Properties				
City	Property	Owner	Units	Style
Hanoi	Fraser Suites Hanoi	Fraser's Hospitality	170	1, 2, 3 bedrooms
Saigon	Intercontinental Asiana Saigon Residences	Intercontinental Hotels	260	1, 2, 3 bedrooms

better than expected results in terms of occupancy and average length of stay, where 38% and 41% of operators respectively reported increases.

Optimism for 2010 amongst operators is high, some 30 points higher than amongst operators in the US, 10 above Europe, and only marginally behind the almost unanimous thumbs up given by operators in Africa.

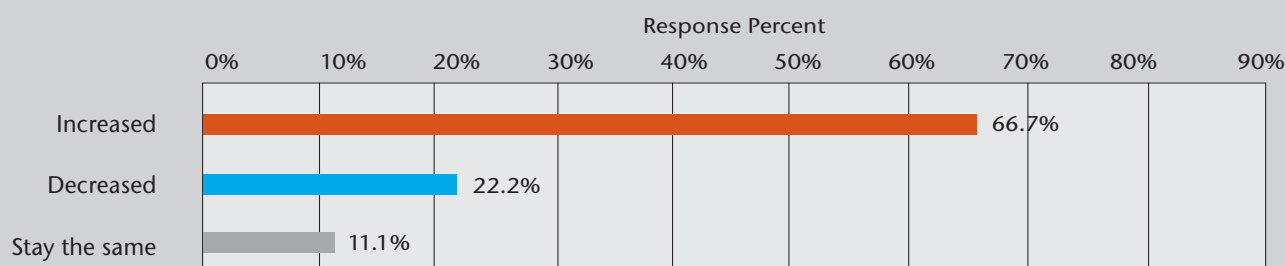
“The furnished market has been affected but high quality and competitive prices keep the units at higher occupancies.”
Elsa Pang, Harbour Plaza 8 Degrees

Is the serviced apartment sector growing by numbers of serviced apartment in your global region?



Source: The Apartment Service Survey 2009

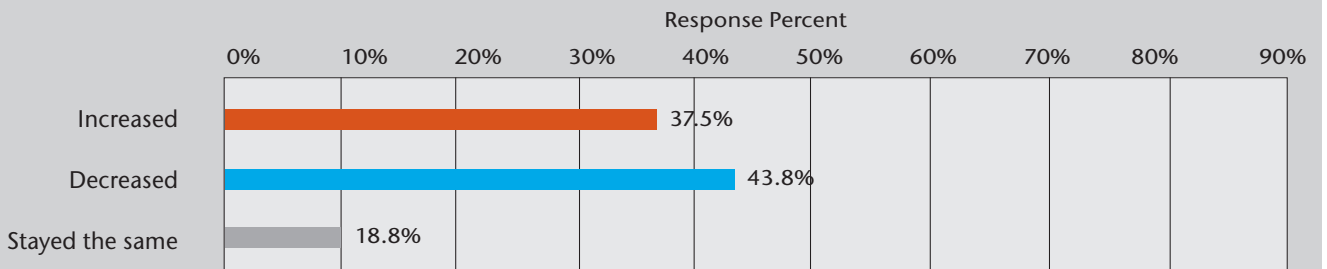
Has the number of serviced apartment operators in your global region in the past year:



Source: The Apartment Service Survey 2009



Has your occupancy for 2009 (compared to 2008):

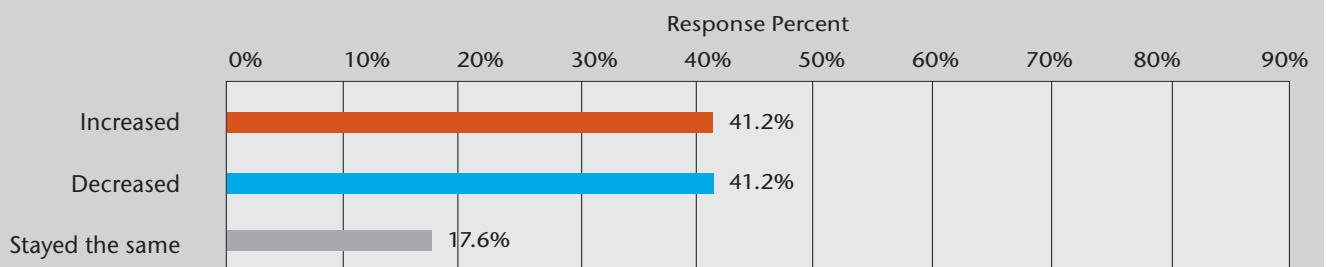


Source: The Apartment Service Survey 2009

Both occupancy and rate are down over last year, but our YOY variance is less than 10% for each."

Wong Siew Peng, Mayflower Hotel and Serviced Residences

Has your average length of stay for 2009 (compared to 2008)



Source: The Apartment Service Survey 2009

Regional Rates

NB. The rates shown are from the lowest to the highest across all property types

	Studio				One Bedroom				Two bedroom			
	2009 average rates		Variance Y-o-Y 09/08		2009 average rates		Variance Y-o-Y 09/08		2009 average rates		Variance Y-o-Y 09/08	
	Local Currency	US\$	Lowest rate achieved	Highest rate achieved	Local Currency	US\$	Lowest rate achieved	Highest rate achieved	Local Currency	US\$	Lowest rate achieved	Highest rate achieved
Asia	USD 75 - 252		-32%	26%	USD 160 - 290		7%	32%	USD 210 - 425		5%	-30%
Asia	USD 70 - 220		-30%	22%	USD 144 - 260		11%	33%	USD 190 - 387		6%	-30%
Asia	USD 1,910 - 4,400		-5%	26%	USD 2,500 - 4,400		14%	10%	USD 3,300 - 4,950		27%	10%
Indian Sub Continent	INR 2,500 - 4,400	54 - 138	25%	26%	INR 3000 - 8,700	65 - 188	36%	53%	INR 3,860 - 15,600	85 - 337	10%	30%
Indian Sub Continent	INR 2,250 - 4,500	49 - 97	36%	45%	INR 2,700 - 7,600	58 - 164	35%	43%	INR 3,474 - 13,260	75 - 287	5%	33%
Indian Sub Continent	INR 55,000 - 71,000	1190 - 1536	49%	13%	INR 62,000 - 116,000	1772 - 4219	29%	48%	INR 62,000 - 110,000	1774 - 4328	42%	41%

Rates in key cities

Asia & Indian Sub Continent	Q3 2009 Rate - Studio				Q3 2009 Rate - One bedroom				Q3 2009 Rate - Two bedroom			
	Local Currency	US\$	Euro	Variance 09/08	Local Currency	US\$	Euro	Variance 09/08	Local Currency	US\$	Euro	Variance 09/08
	1-6 nights (nightly rate)	INR 2,500	\$54	€36	-22%	INR 3,000	\$65	€43	-26%	INR 3,860	\$83	€56
7 nights + (weekly rate)	INR 17,500	\$379	€253	-13%	INR 21,000	\$454	€304	-18%	INR 27,020	\$584	€391	-16%
One month + (monthly rate)	INR 48,000	\$1,038	€694	-4%	INR 62,000	\$1,341	€896	-3%	INR 84,600	\$1,830	€1,223	-2%
3 month + (rate per month)	INR 44,700	\$967	€646	-1%	INR 56,500	\$1,222	€817	-2%	INR 75,800	\$1,638	€1,095	-2%
1-6 nights (nightly rate)	HKD 1,350	\$174	€116	-5%	HKD 1,450	\$187	€125	-16%	HKD 1,650	\$213	€142	-17%
7 nights + (weekly rate)	HKD 8,450	\$1,090	€729	-7%	HKD 10,150	\$1,310	€875	-8%	HKD 11,550	\$1,490	€996	-9%
One month + (monthly rate)	HKD 31,200	\$4,026	€2,691	-5%	HKD 39,800	\$5,135	€3,433	-1%	HKD 42,000	\$5,419	€3,623	-9%
3 month + (rate per month)	HKD 29,450	\$3,800	€2,540	-6%	HKD 37,400	\$4,826	€3,226	-2%	HKD 39,900	\$5,148	€3,442	-9%
1-6 nights (nightly rate)	INR 8,700	\$188	€126	0%	INR 12,200	\$264	€176	2%	INR 21,000	\$454	€304	11%
7 nights + (weekly rate)	INR 54,800	\$1,185	€792	0%	INR 76,000	\$1,644	€1,099	1%	INR 121,000	\$2,617	€1,749	1%
One month + (monthly rate)	INR 100,000	\$2,163	€1,446	0%	INR 116,500	\$2,519	€1,684	1%	INR 130,500	\$2,822	€1,887	2%
3 month + (rate per month)	INR 91,000	\$1,968	€1,316	1%	INR 104,000	\$2,249	€1,503	0%	INR 116,000	\$2,509	€1,677	1%
1-6 nights (nightly rate)	CNY 1,000	\$146	€98	-46%	CNY 1,300	\$190	€127	-47%	CNY 1,900	\$278	€186	-41%
7 nights + (weekly rate)	CNY 6,500	\$952	€636	-44%	CNY 8,900	\$1,303	€871	-43%	CNY 12,400	\$1,816	€1,213	-38%
One month + (monthly rate)	CNY 24,000	\$3,515	€2,348	-43%	CNY 29,100	\$4,262	€2,848	-48%	CNY 39,400	\$5,770	€3,855	-51%
3 month + (rate per month)	CNY 22,500	\$3,295	€2,201	-44%	CNY 27,500	\$4,028	€2,691	-48%	CNY 36,200	\$5,302	€3,542	-53%
1-6 nights (nightly rate)	SGD 350	\$252	€169	0%	SGD 400	\$289	€193	-2%	SGD 490	\$354	€236	-2%
7 nights + (weekly rate)	SGD 1,840	\$1,327	€888	-17%	SGD 2,300	\$1,659	€1,109	-11%	SGD 2,800	\$2,020	€1,350	-11%
One month + (monthly rate)	SGD 7,750	\$5,591	€3,738	-2%	SGD 8,840	\$6,378	€4,264	-5%	SGD 9,500	\$6,854	€4,582	-16%
3 month + (rate per month)	SGD 7,260	\$5,238	€3,502	-4%	SGD 8,600	\$6,204	€4,148	-3%	SGD 9,000	\$6,493	€4,341	-16%
1-6 nights (nightly rate)	JPY 13,933	\$156	€104	35%	JPY 17,500	\$195	€131	17%	JPY 23,500	\$262	€175	12%
7 nights + (weekly rate)	JPY 72,000	\$804	€538	11%	JPY 94,500	\$1,055	€706	5%	JPY 118,000	\$1,318	€881	3%
One month + (monthly rate)	JPY 203,500	\$2,272	€1,519	3%	JPY 218,000	\$2,435	€1,628	2%	JPY 253,000	\$2,826	€1,889	2%
3 month + (rate per month)	JPY 195,500	\$2,183	€1,460	10%	JPY 202,000	\$2,256	€1,508	5%	JPY 230,000	\$2,569	€1,718	3%

Disclaimer: These rates are average rates and may vary per location, time of year, regional promotions and specific lengths of stays. Rates quoted are based on average 4 star extended stay properties and exclude taxes. Exchange rates used 18th November 2009

AUSTRALIA & NEW ZEALAND

The dramatic depreciation of the Australian and New Zealand dollars against the US dollar contributed to making the cost of living cheaper for many visitors compared to 12 months earlier. Consequently, the region's cities have fallen in the global rankings. Sydney and Canberra are Australia's most expensive locations followed by Melbourne. Auckland and Wellington fill the top two slots in New Zealand.

As ever there is a silver lining for the region's serviced apartments sector. Corporate travellers, already used to sharing the cost of a taxi or a meal, are now sharing accommodation too. Research conducted by BreakFree Hotels, Resorts & Apartments shows that it is now more popular for corporate clients to book a two or three bedroom apartment rather than multiple hotel rooms.

For serviced apartments across the region, the greatest impact of the recession has been on rates. Corporates have been booking flexible airfares so that they can return home earlier; companies are not so willing to extend stays; up-scale hotels have dropped their rates to maintain occupancy, with a knock on effect on apartment operators.

The fall in cost of living for ex-pats in Australia and New Zealand is reflected in healthy annual growth for rates across apartments of all sizes. Price ranges from city to city are narrower too. The cheapest apartment in 2009 would have been a studio in Auckland at a rate of \$82 per night, compared to Sydney, where the equivalent apartment would have cost \$126 a night. The gap widens as the products get bigger; two bed apartments in the same two cities would have cost \$149 and \$243 respectively.

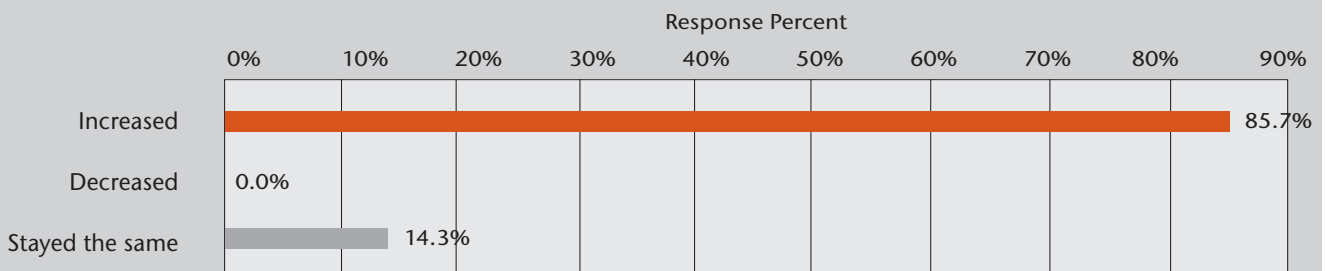
Location, space and value for money are key drivers in the serviced residence business in Australia. Operators with properties within the business districts of the major cities are able to attract travellers seeking to minimise travel time and costs.

Operator Survey Results

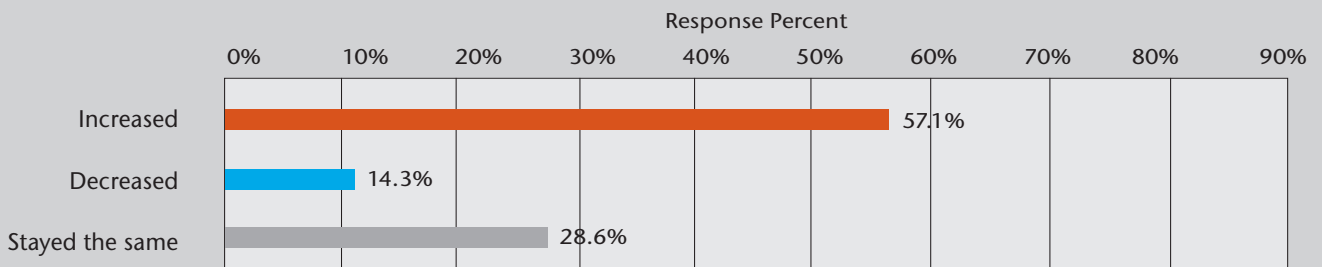
The Apartment Service's 2009 survey found that the number of operators and apartments is growing in the region, but the former is outstripping the latter, suggesting that a number of new developments will be given the green light once the recovery is underway.

Our survey also confirms that, whilst occupancy is down amongst just under half of operators, average length of stay has remained unchanged or even increased for operators in Australia. Optimism amongst operators is also at a very high level.

Is the serviced apartment sector growing by numbers of serviced apartments in your global region?



Has the number of serviced apartment operators in your global region in the past year:



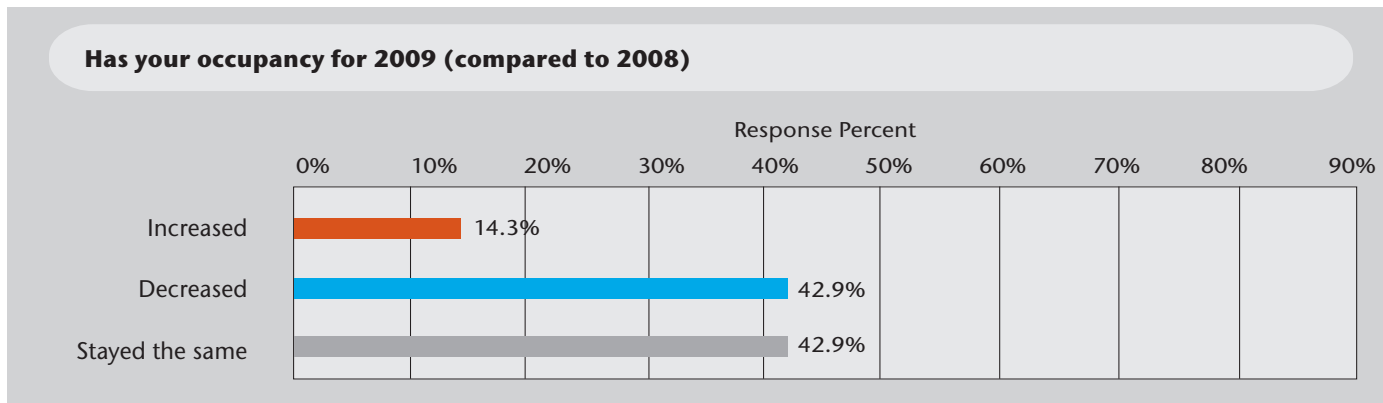
Source: The Apartment Service Survey 2009

“Talking to fellow industry colleagues we are performing similar to our competitors. In some areas our competitors are slightly above us and it is all to do with value adds on their rates, such as free transfers, onsite food and beverage facilities.”

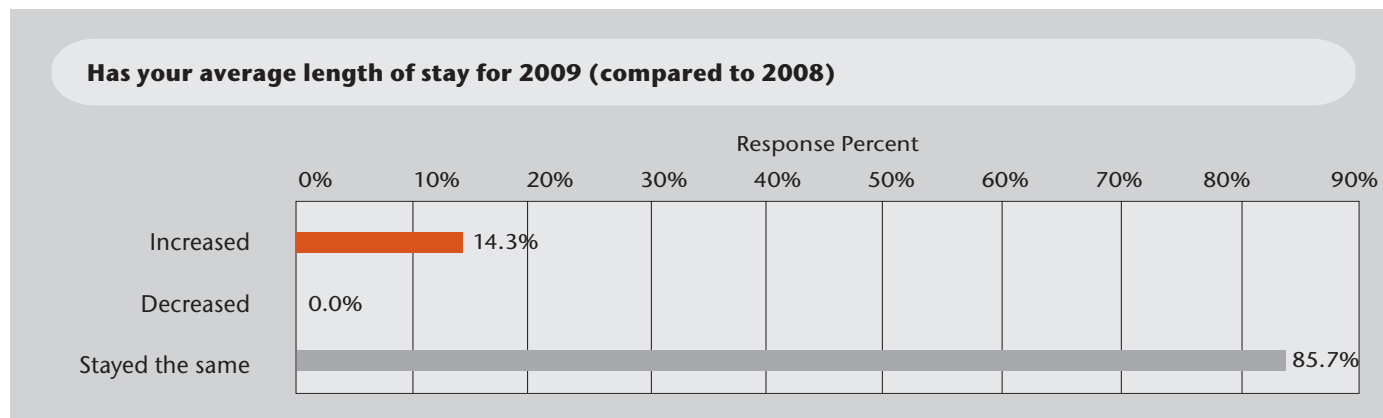
Greg McCarthy, Punthill Apartment Hotels

“Being in the serviced residence business, we have an advantage in that we are able to offer travellers greater value vis-a-vis hotels. Our serviced residences provide more space, privacy and a fully-equipped kitchen where guests can prepare a meal instead of dining out.”

Dean Minett, The Ascott Group



Source: The Apartment Service Survey 2009



Source: The Apartment Service Survey 2009

New Properties

Best Western Australasia has launched Best Western Apartments - ten apartment-style properties launched during 2009 in gateway locations, with more to follow in the larger cities of Australia and New Zealand.

The Ascott Group plans to introduce its Citadines brand of serviced residences to Melbourne in 2010. The new Citadines Melbourne on Bourke will be Ascott’s largest Citadines property in the world. Punthill Apartment Hotels opened three new properties in 2009 in suburbs of Melbourne, totalling 147 rooms.

New Properties				
City	Property	Owner	Units	Style
Adelaide	Quest Mawson Lakes	Quest Serviced Apartments	66	1, 2, 3 bedrooms
Cairns	Cairns Central Plaza Apartment Hotel	Best Western	74	Studio – 2 bedrooms
Singleton	Quest Singleton	Quest Serviced Apartments	35	2, 3 bedrooms
Wellington	Grand Mercure Century City Apartments	Accor Hotels	89	Studio – 3 bedrooms

Regional Rates
NB: The rates shown are from the lowest to the highest across all property types

Australasia/ New Zealand	Studio			One Bedroom			Two bedroom		
	2009 average rates	Variance Y-o-Y 09/08	Local Currency	2009 average rates	Variance Y-o-Y 09/08	Local Currency	2009 average rates	Variance Y-o-Y 09/08	Local Currency
1-6 nights (nightly rate)	AUD 90 - 180	84 - 168	13%	AUD 135 - 235	126 - 219	13%	AUD 180 - 280	168 - 261	20%
7 nights + (nightly rate)	AUD 81 - 160	75 - 149	16%	AUD 121 - 227	112 - 211	10%	AUD 162 - 255	150 - 237	25%
1 month + (monthly rate)	AUD 2,250 - 4,500	2093 - 4187	13%	AUD 3,000 - 5,500	2791 - 4653	28%	AUD 3,100 - 5,700	2885 - 5304	15%
			Lowest rate achieved			Lowest rate achieved			Lowest rate achieved
			Highest rate achieved			Highest rate achieved			Highest rate achieved

Rates in key cities

Australasia/ New Zealand	Q3 2009 Rate - Studio				Q3 2009 Rate - One bedroom				Q3 2009 Rate - Two bedroom			
	Local Currency	US\$	Euro	Variance 09/08	Local Currency	US\$	Euro	Variance 09/08	Local Currency	US\$	Euro	Variance 09/08
1-6 nights (nightly rate)	AUD 135	\$126	€84	4%	AUD 175	\$164	€109	9%	AUD 260	\$243	€162	30%
7 nights + (weekly rate)	AUD 725	\$677	€452	12%	AUD 808	\$755	€504	15%	AUD 998	\$932	€623	17%
One month + (monthly rate)	AUD 2,670	\$2,494	€1,666	7%	AUD 2,976	\$2,780	€1,857	10%	AUD 3,675	\$3,434	€2,293	11%
3 month + (rate per month)	AUD 2,400	\$2,422	€1,618	7%	AUD 2,650	\$2,476	€1,654	9%	AUD 3,200	\$2,990	€1,997	8%
1-6 nights (nightly rate)	Auckland NZD 110	\$82	€55	5%	NZD 150	\$112	€75	7%	NZD 200	\$149	€99	11%
7 nights + (weekly rate)	Auckland NZD 740	\$551	€368	1%	NZD 890	\$663	€442	3%	NZD 1,195	\$890	€594	5%
One month + (monthly rate)	Auckland NZD 2,886	\$2,148	€1,434	8%	NZD 3,471	\$2,584	€1,725	2%	NZD 4,660	\$3,469	€2,316	6%
3 month + (rate per month)	Auckland NZD 2,675	\$1,991	€1,329	8%	NZD 3,150	\$2,345	€1,566	5%	NZD 4,275	\$3,182	€2,125	10%

Disclaimer: These rates are average rates and may vary per location, time of year, regional promotions and specific lengths of stays
Rates quoted are based on average 4 star extended stay properties and exclude taxes. Exchange rates used 18th November 2009



EUROPE

The continued weakness of sterling throughout 2009 has also seen costs for assignees coming to the UK fall. Central London has dropped significantly in the cost of living ranking as many Western European and US locations become more costly than the UK. Moscow remains the most expensive city in Europe for expatriates.

The Spanish financial climate saw Madrid offer the best deal for serviced apartments in Europe. A studio apartment cost, on average, just €105, rising to €225 for a two-bed apartment. At the opposite end of the scale, a studio apartment in London cost, on average, €188 per night during 2009, and a two-bed apartment €363 per night. The equivalent in Moscow – Europe’s costliest place to live – was €119 and €167 respectively. However, Europe’s most expensive city for up-scale 2 bed apartments was Paris, weighing in at an average €400 a night.

“We achieve a better occupancy against a lower ARR. We feel an overall trend in which our competitors are getting more aggressive in their rate strategy.”

Annemarie Gubanski, Stayat

Cost of living - top 5 cities in Europe

3rd	Moscow, Russia
4th	Geneva, Switzerland
6th	Zürich, Switzerland
7th	Copenhagen, Denmark
11th	Milan, Italy

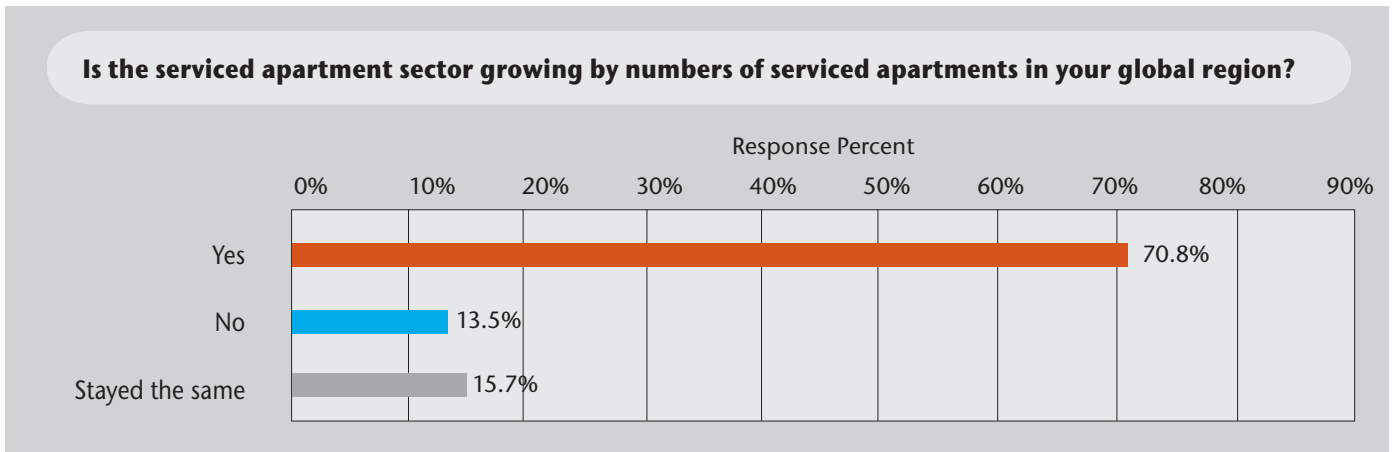
The lowest ranking European city in the top 50 is Berlin (49th).

Source: Mercer

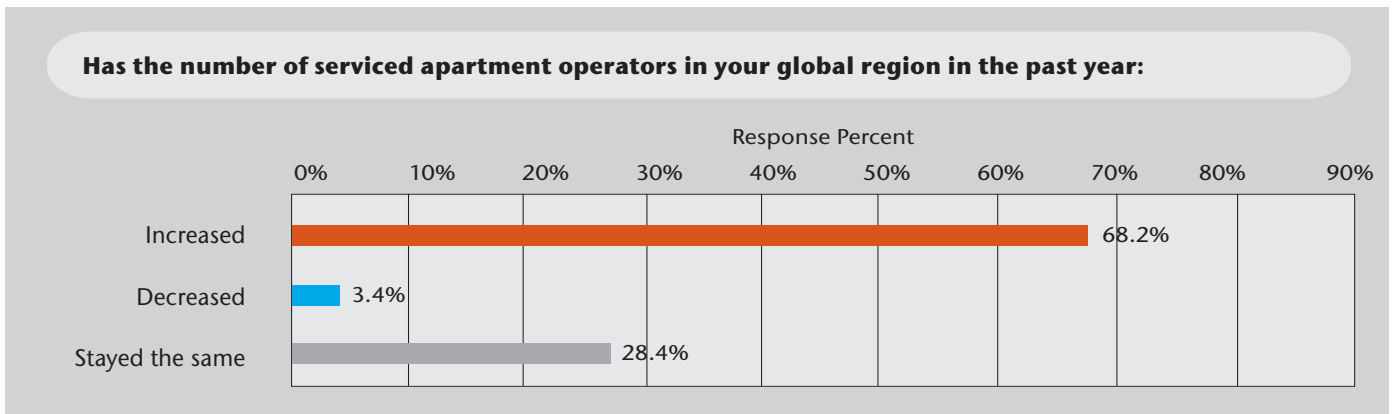


Operator Survey Results

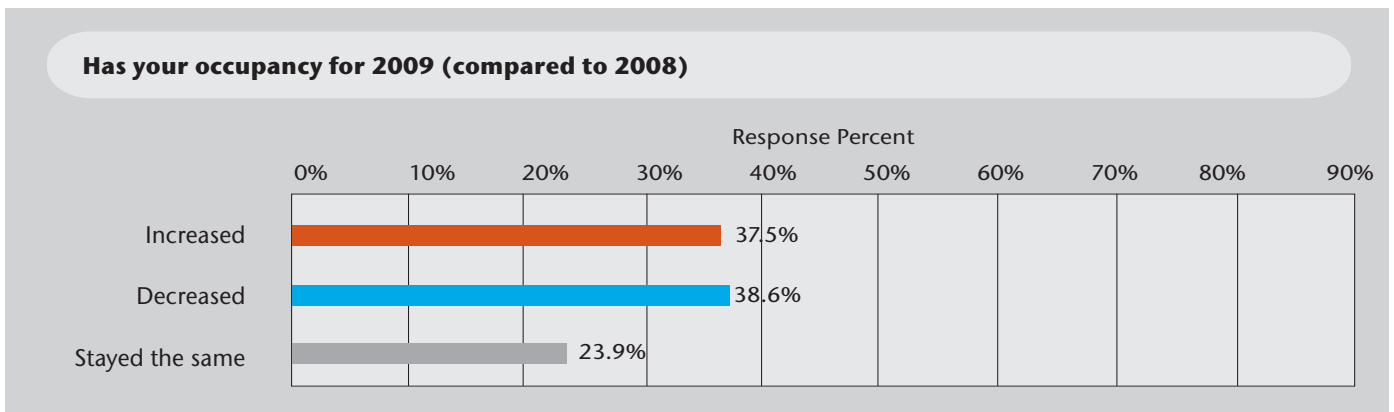
The Apartment Service’s 2009 survey found that the number of apartment operators and apartments available across Europe are growing at an equal pace. Occupancy and average length of stay are holding up very well against hotels, with over a third of survey respondents seeing the former increase.



Source: The Apartment Service Survey 2009

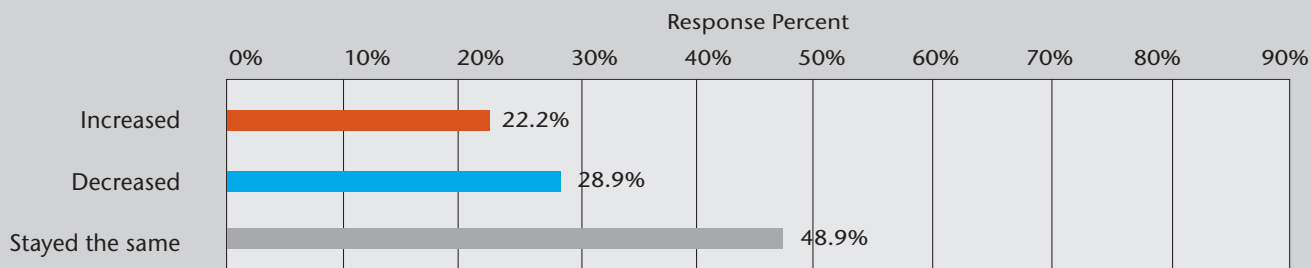


Source: The Apartment Service Survey 2009



Source: The Apartment Service Survey 2009

Has your average length of stay for 2009 (compared to 2008)



Source: The Apartment Service Survey 2009

FRANCE

New Properties

City	Property	Owner	Units	Style
Strasbourg	Adagio Aparthotel	Joint venture between Accor and The Pierre & Vacances Group	57	Studio, 1 bedroom

Operators have achieved this through a combination of concentrating on generating long stay business in order to increase occupancy rate, increasing the market of 4 - 27 night stays and a lower average room rate. Others have been harder hit. For example, those with apartments in locations such as Central and Eastern Europe have seen sizeable declines in both occupancy and rate.

The recession has certainly influenced operators' plans to open more inventory in 2010 & beyond. However, despite it being harder for investors to finance their real estate projects, some operators are planning to grow by acquisition. Others, especially in Scandinavia, aim to achieve a growth through increasing rates.

Increased competition is a feature of the European corporate housing market too. Traditional housing companies that offer private apartments have begun to be more aggressive in chasing this kind of business.



“Being in the serviced residence business, we have an advantage in that we are able to offer travellers greater value vis-a-vis hotels. Our serviced residences provide more space, privacy and a fully-equipped kitchen where guests can prepare a meal instead of dining out.”

Dean Minnett, The Ascott Group

Germany

Although the economic situation throughout 2009 was difficult, serviced apartments remain buoyant, according to the largest independent guide for serviced apartments in Germany. Complementing high occupancy level is a trend towards the US extended stay 'suite' concept, intended to cater for the business travel market that accounts for 85% of apartment bookings. German apartment rates are generally 20% - 50% cheaper than hotels.

In March 2009, the German market boasted 330 apartment blocks comprising almost 18,000 apartments, with more in the pipeline. Around half of all serviced apartments are owned and operated privately, the other half by chains such as Adina, Adagio and Citadines. The hybrid apart-hotel product is especially prevalent.

Berlin is now the most popular German location for apartments, having overtaken Munich. Hamburg is ranked second and Düsseldorf 3rd.

New Properties

Marriott International is to open its first Residence Inn in Europe in Munich in 2011. The group plans to expand the long stay brand into countries including the UK, France and Italy with 154 Residence Inn properties around the world by 2012.

New Properties				
City	Property	Owner	Units	Style
Munich	Citadines Munich Arnulfpark	The Ascott Group	146	Studio, 1 bedroom
Berlin	Adina Berlin Hauptbahnhof	Adina Apartment Hotels	138	Studio, 1, 2 bedrooms



“Our company is less affected by current trading conditions as we have invested in the distribution, i.e. our properties are well distributed in both corporate and leisure segments (Online distribution, GDS distribution etc.) as well as in generating long stay demand.”

Vangelis Porikis, Adagio

United Kingdom

The serviced apartments industry passed a milestone in September 2009 with the announcement that the Association of Serviced Apartment Providers was re-launching as a fully independent Association. Membership of the Association has grown rapidly in the last 2 years and now accounts for 30 operators representing over 5,000 apartments throughout the UK.

The purpose of the Association is to promote the role of the UK Corporate Housing and Serviced Apartment Industry through increased awareness whilst maintaining the highest standards. Signing up to the ASAP's code of conduct is mandatory and includes a requirement "to partake in a quality programme to

ensure the continual maintenance and improvement of the service that they provide."

According to the ASAP, during 2009 occupancy levels held up well. Average occupancy across the sector was 83% in London for the first 6 months of 2009, and 69% in the rest of the UK. During the corresponding period in 2008, average occupancy in London was 84% and 71% in the rest of the UK. The hotel sector experienced a much steeper drop during the first 6 months of 2009. Between January and June 2009, London hoteliers experienced a 0.8% fall on occupancy and a 6.6% drop in room rate compared to the same period in 2008.

This performance underlines the increasing popularity of apartments with the corporate travel buyers. Research by the Institute of Travel & Meetings (ITM) confirmed that serviced apartments have become an integral part of many company accommodation programmes over the last two years. 57% of buyers are using serviced apartments to reduce costs and provide alternatives to traditional hotel content for short-term stays of 5 days or less.

New Properties

City	Property	Owner	Units	Style
Bristol	Geometric House	Geometric Apartments	33	1, 2 bedrooms
Cardiff	Meridian Apartments		28	Studio, 1, 2 bedrooms
Edinburgh	Fraser Suites Edinburgh	Fraser's Hospitality	75	Studio, 1 bedroom
Leeds	Roomzzz Aparthotel	Roomzzz	36	Studio, 1, 2 bedrooms
Liverpool	Liverpool ONE	BridgeStreet	77	1, 2, 3 bedrooms
Liverpool	Roscoe House	Urban Chic	15	Studio
London	Oakwood Steward Street	Oakwood	12	1 bedroom
London	Fraser Residence Blackfriars	Fraser's Hospitality	12	1 bedroom
London	Fraser Residence Monument	Fraser's Hospitality	14	Studio
London	Oakwood Cromwell Road	Oakwood	8	Studio, 1, 2 bedrooms
London	SACO Aldgate	SACO Apartments	11	1, 2 bedrooms
Manchester	The Light ApartHotel	Capital Climb	45	1, 2, 3 bedrooms
Manchester	The Hub	Argent	48	Studio, 1, 2 bedrooms
Manchester	Staybridge Suites	Intercontinental Hotel Group	128	Studio, 1 bedroom

Regional Rates

NB: The rates shown are from the lowest to the highest across all property types

Europe	Studio				One Bedroom				Two bedroom			
	2009 average rates		Variance Y-o-Y 09/08		2009 average rates		Variance Y-o-Y 09/08		2009 average rates		Variance Y-o-Y 09/08	
	Local Currency	US \$	Lowest rate achieved	Highest rate achieved	Local Currency	US \$	Lowest rate achieved	Highest rate achieved	Local Currency	US \$	Lowest rate achieved	Highest rate achieved
1-6 nights (nightly rate)	EUR 60 - 285	89 - 426	50%	-5%	EUR 90 - 425	134 - 633	50%	-15%	EUR 125 - 575	217 - 860	56%	-22%
7 nights + (nightly rate)	EUR 52 - 270	77 - 403	37%	0%	EUR 80 - 385	119 - 580	60%	-14%	EUR 90 - 575	183 - 859	20%	-12%
1 month + (monthly rate)	EUR 1,395 - 4,400	2084 - 6575	27%	19%	EUR 2,000 - 4,900	2989 - 7322	32%	9%	EUR 2,570 - 5,300	3840 - 7920	17%	-18%

Rates in key cities

Europe	Q3 2009 Rate - Studio						Q3 2009 Rate - One bedroom						Q3 2009 Rate - Two bedroom					
	Local Currency	US \$	Euro	Variance 09/08	Local Currency	US \$	Euro	Variance 09/08	Local Currency	US \$	Euro	Variance 09/08	Local Currency	US \$	Euro	Variance 09/08		
1-6 nights (nightly rate)	Amsterdam	EUR 115	\$172	N/A	EUR 195	\$292	N/A	11%	EUR 245	\$368	N/A	23%	Amsterdam	EUR 770	\$1,153	N/A	-15%	
7 nights + (weekly rate)	Amsterdam	EUR 3,050	\$4,567	N/A	EUR 4,500	\$6,739	N/A	13%	EUR 5,400	\$8,100	N/A	19%	Amsterdam	EUR 2,900	\$4,342	N/A	0%	
One month + (monthly rate)	Amsterdam	EUR 2,900	\$4,342	N/A	EUR 4,150	\$6,215	N/A	10%	EUR 4,975	\$7,463	N/A	15%	Amsterdam	EUR 115	\$172	N/A	-4%	
3 month + (rate per month)	Frankfurt	EUR 115	\$172	N/A	EUR 186	\$279	N/A	16%	EUR 245	\$368	N/A	17%	Frankfurt	EUR 725	\$1,085	N/A	-4%	
7 nights + (weekly rate)	Frankfurt	EUR 2,830	\$4,237	N/A	EUR 4,313	\$6,459	N/A	19%	EUR 5,683	\$8,525	N/A	19%	Frankfurt	EUR 2,600	\$3,893	N/A	1%	
One month + (monthly rate)	Frankfurt	EUR 2,600	\$3,893	N/A	EUR 3,900	\$5,841	N/A	13%	EUR 5,200	\$7,800	N/A	15%	Frankfurt	EUR 105	\$157	N/A	5%	
3 month + (rate per month)	Lisbon	EUR 105	\$157	N/A	EUR 140	\$210	N/A	4%	EUR 225	\$337	N/A	9%	Lisbon	EUR 595	\$891	N/A	0%	
1-6 nights (nightly rate)	Lisbon	EUR 2,320	\$3,474	N/A	EUR 875	\$1,311	N/A	4%	EUR 1,155	\$1,730	N/A	0%	Lisbon	EUR 2,320	\$3,474	N/A	6%	
7 nights + (weekly rate)	Lisbon	EUR 2,320	\$3,474	N/A	EUR 3,412	\$5,110	N/A	10%	EUR 4,504	\$6,746	N/A	6%	Lisbon	EUR 2,100	\$3,145	N/A	6%	
One month + (monthly rate)	Lisbon	EUR 2,100	\$3,145	N/A	EUR 3,250	\$4,868	N/A	9%	EUR 4,250	\$6,365	N/A	6%	Lisbon	GBP 168	\$281	€188	5%	
3 month + (rate per month)	London	GBP 168	\$281	€188	GBP 240	\$402	€268	7%	GBP 325	\$544	€363	5%	London	GBP 1,058	\$1,771	€1,182	5%	
1-6 nights (nightly rate)	London	GBP 3,600	\$6,025	€4,023	GBP 5,569	\$9,319	€6,223	9%	GBP 7,539	\$12,617	€8,425	7%	London	GBP 3,400	\$5,690	€4,023	-1%	
7 nights + (weekly rate)	London	GBP 3,400	\$5,690	€4,023	GBP 5,100	\$8,535	€5,699	5%	GBP 6,900	\$11,547	€7,711	29%	London	EUR 75	\$112	N/A	-12%	
One month + (monthly rate)	London	EUR 75	\$112	N/A	EUR 135	\$202	N/A	-4%	EUR 180	\$270	N/A	-5%	Madrid	EUR 525	\$786	N/A	-2%	
3 month + (rate per month)	Madrid	EUR 525	\$786	N/A	EUR 880	\$1,318	N/A	0%	EUR 1,134	\$1,698	N/A	-5%	Madrid	EUR 1,930	\$2,890	N/A	0%	
1-6 nights (nightly rate)	Madrid	EUR 1,930	\$2,890	N/A	EUR 3,100	\$4,643	N/A	-2%	EUR 4,176	\$6,253	N/A	-3%	Madrid	EUR 1,800	\$2,695	N/A	-2%	
7 nights + (weekly rate)	Madrid	EUR 1,800	\$2,695	N/A	EUR 3,041	\$4,555	N/A	1%	EUR 3,900	\$5,840	N/A	-5%	Madrid	RUB 5,100	\$178	€119	2%	
One month + (monthly rate)	Madrid	RUB 5,100	\$178	€119	RUB 5,582	\$193	€130	-27%	RUB 7,174	\$250	€167	-42%	Moscow	RUB 32,100	\$1,119	€750	-42%	
3 month + (rate per month)	Moscow	RUB 32,100	\$1,119	€750	RUB 31,634	\$1,103	€736	-34%	RUB 41,998	\$1575	€1,052	-42%	Moscow	RUB 115,000	\$4,008	€2,685	-40%	
1-6 nights (nightly rate)	Moscow	RUB 115,000	\$4,008	€2,685	RUB 166,493	\$5,801	€3,874	-40%	RUB 166,493	\$5,801	€3,874	-40%	Moscow	RUB 110,200	\$3,841	€2,573	-39%	
7 nights + (weekly rate)	Moscow	RUB 110,200	\$3,841	€2,573	RUB 111,196	\$3,875	€2,587	-32%	RUB 161,278	\$5,620	€3,752	-39%	Paris	EUR 152	\$228	N/A	21%	
One month + (monthly rate)	Paris	EUR 152	\$228	N/A	EUR 235	\$352	N/A	7%	EUR 400	\$599	N/A	26%	Paris	EUR 850	\$1,273	N/A	7%	
3 month + (rate per month)	Paris	EUR 850	\$1,273	N/A	EUR 1,480	\$2,217	N/A	7%	EUR 2,520	\$3,774	N/A	26%	Paris	EUR 3,381	\$5,062	N/A	18%	
1-6 nights (nightly rate)	Paris	EUR 3,100	\$4,642	N/A	EUR 4,900	\$7,339	N/A	3%	EUR 8,400	\$12,579	N/A	23%	Paris	EUR 3,100	\$4,642	N/A	13%	

Disclaimer: These rates are average rates and may vary per location, time of year, regional promotions and specific lengths of stays. Rates quoted are based on average 4 star extended stay properties and exclude taxes. Exchange rates used 18th November 2009

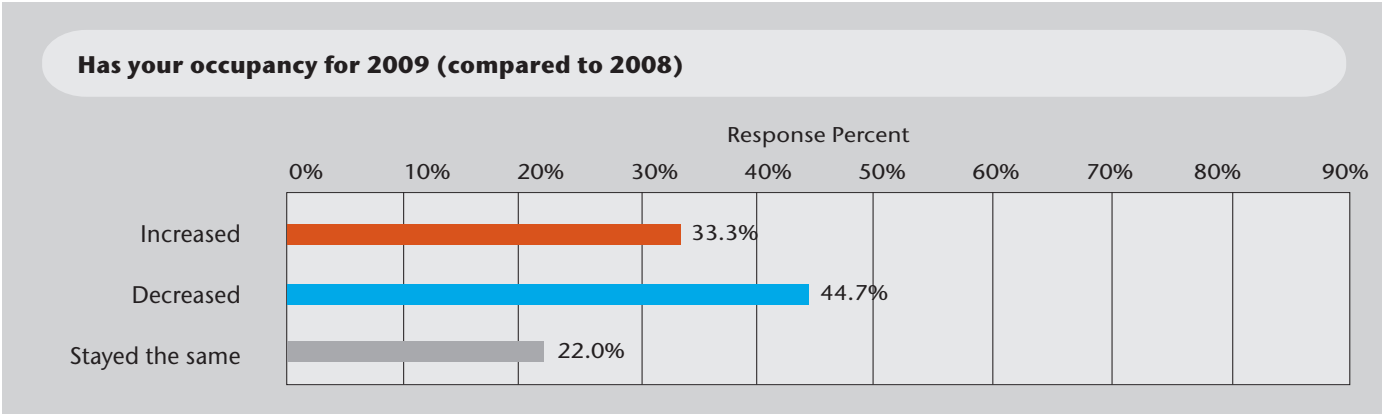
MIDDLE EAST

While the majority of European cities have fallen in the cost of living rankings, most Middle Eastern cities have experienced a reverse trend. Both Dubai and Abu Dhabi have risen significantly in the ranking, mainly due to the UAE dirham being fixed to the US dollar. Tel Aviv remains the most expensive city in the Middle East.

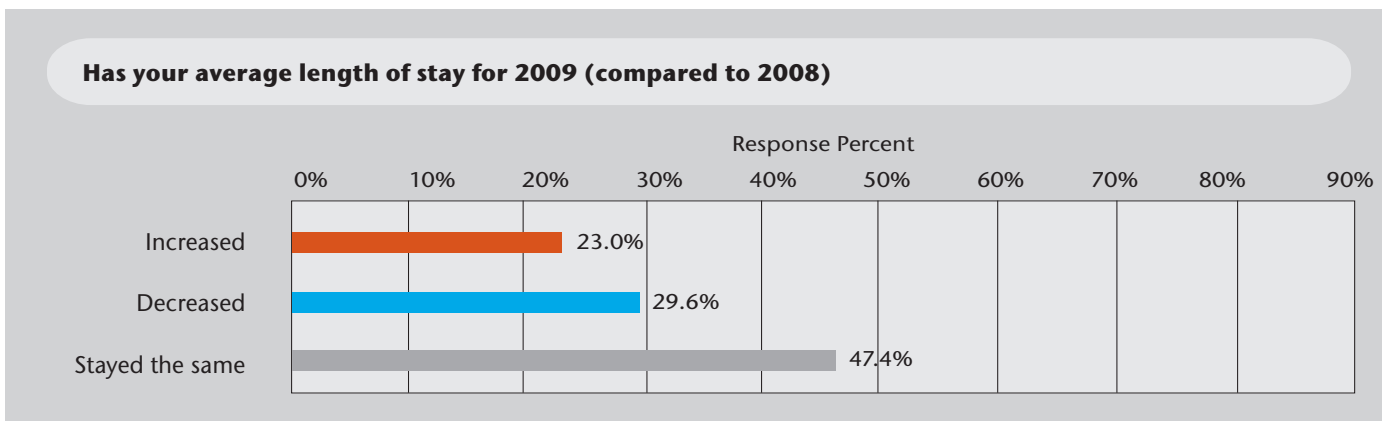
The impact of the global recession on the serviced residence industry in the Gulf region is not as great as compared to hotels. Rates are lower but, as The Apartment Service's 2009 operator survey reveals, the overall picture is mixed in terms of occupancy and average length of stay.

“Business for the hospitality industry in the Gulf region has shown signs of pick up. On the back of economic recovery, we expect to see an upturn in the second half of 2009 for our properties in Bahrain, Doha and Dubai. With more travellers choosing serviced residences as their choice accommodation, we will open our fourth property in the Gulf region, Ascott Bahrain, in 2013.”

Anthony Ow, the Ascott Group



Source: The Apartment Service Survey 2009



Source: The Apartment Service Survey 2009

“We are performing better because many of our competitors have been delayed in opening new properties due to the economic conditions and so we have almost exclusivity in the immediate vicinity.”

Martin Kubler, Bonnington Jumeirah Lakes Towers

“The key driver here is the strong growth of Abu Dhabi, which is only about 30-40 minutes away from us by car. The city is booming, but there are not enough good quality accommodation providers there, so people come to us.”

Martin Kubler, Bonnington Jumeirah Lakes Towers

Although occupancy in the Middle East was hit hard in 2009, average rates in all categories of serviced apartment increased slightly, but by far less than most other regions globally. A studio apartment in Dubai cost, on average €79 a night in 2009, rising to €155 for a two-bed apartment.

The key drivers of serviced residence usage in the region include the strong growth of Abu Dhabi. Companies are increasingly choosing serviced residences over hotels when finding accommodation for their project teams. Instead of putting up each employee in a room at a hotel, more are choosing two-to-three bedroom serviced apartments.

Dubai

Providing a hint of the impending financial meltdown in Dubai, serviced apartment rents dropped by 20% – 30% during 2009.

A one-bedroom serviced apartment in The Address hotel at Downtown Burj Dubai cost around Dh150,000 per year to rent in August 2008; 12 months later, it was priced at Dh115,000. At Madison Tower, a serviced apartment building at Tecom, a one-bedroom apartment costing Dh110,000 per annum had fallen to Dh75,000 in the same period.

However even these falls were lower than the average 45% drop in standard residential rates. This disparity was attributed to a strong hospitality industry in Dubai and the attractive yields that operators continue to offer to investors. Here too, many developers are converting their units into serviced apartments in response to the poor sales market.

In April 2009, 31 serviced apartments at the Bonnington Hotel at Jumeirah Lake Towers were sold with a 10% guaranteed yield for five years from the operator and the developer. Meanwhile, tenants' caution about Dubai's real estate sector has made short-term rentals a better solution because of break-lease issues and uncertainty in the market. Many are looking for as little commitment as possible.

The serviced apartment sector in Dubai is under pressure to reduce rates to achieve higher occupancy levels. Rates in Al Barsha have in some instances fallen by up to 25%. Meanwhile Deutsche Bank forecast that expatriates' departures from Dubai would cause an additional 15% – 20% drop in property prices. Relocation firms reported a sharp rise in business from families seeking to move away from Dubai.

New Properties

German hotel company Bavaria Hotels International (BHI) announced revised opening targets for some properties. Originally scheduled to open early in 2009, the launch of the 2100-key Bavaria Executive Suites Dubai – billed as the largest all-suite hotel in the Middle East, North Africa and Europe – has been postponed to March 2010 “due to the prevailing market conditions”.

IHG announced that it would open at Dubai Festival City, a first for the group in the UAE market.

Hilton Hotels Corporation announced its first Doubletree by Hilton in the region, and the first branded all-suite hotel product in Ras Al Khaimah.

Starwood has opened its fourth hotel in Doha, and the first under its trendy W Hotels brand. W Doha is the second hotel under the brand in the EMEA region, following the opening of W Istanbul in 2008.

New Properties

City	Property	Owner	Units	Style
Kuwait	Amaia Residence	Al Massaleh Real Estate KSC	41	1, 2, 3 bedrooms
Doha	Doha Suites & Residences	Swiss-Belhotel	78	2, 3 bedrooms
Doha	W Doha Hotels and Residences	Starwood Hotels	154	Studio – 2 bedrooms
Dubai	Suitehotel Mall of the Emirates	Accor Hotels	180	2, 3 bedrooms
Dubai	Residence Suites Dubai Festival City	Intercontinental Hotels Group	212	1, 2, 3 bedrooms
Dubai	Marriott Executive Apartments Dubai Creek	Marriott Executive Apartments	172	1, 2, 3 bedrooms
Dubai	The Address Dubai Marina	Emaar Hospitality Group	626	Studio – 4 bedrooms

Regional Rates

NB. The rates shown are from the lowest to the highest across all property types

	Studio				One Bedroom				Two bedroom			
	2009 average rates		Variance Y-o-Y 09/08		2009 average rates		Variance Y-o-Y 09/08		2009 average rates		Variance Y-o-Y 09/08	
	Local Currency	US\$	Lowest rate achieved	Highest rate achieved	Local Currency	US\$	Lowest rate achieved	Highest rate achieved	Local Currency	US\$	Lowest rate achieved	Highest rate achieved
1-6 nights (nightly rate)	AED 280 - 1,750	76 - 476	6%	8%	AED 500 - 1,900	136 - 517	27%	5%	AED 600 - 2,300	163 - 626	33%	15%
7 nights + (nightly rate)	AED 265 - 1,575	72 - 428	2%	2%	AED 450 - 1,620	122 - 441	25%	1%	AED 540 - 2,100	147 - 571	33%	24%
1 month + (monthly rate)	AED 8,038 - 42,500	2188 - 11570	7%	42%	AED 7,650 - 43,140	2082 - 11745	-2%	8%	AED 8,500 - 58,000	2314 - 15790	3%	9%

Rates in key cities

	Q3 2009 Rate - Studio				Q3 2009 Rate - One bedroom				Q3 2009 Rate - Two bedroom			
	Local Currency	US\$	Euro	Variance 09/08	Local Currency	US\$	Euro	Variance 09/08	Local Currency	US\$	Euro	Variance 09/08
	1-6 nights (nightly rate)	AED 435	\$118	€79	-2%	AED 650	\$177	€118	-8%	AED 850	\$231	€155
7 nights + (weekly rate)	AED 2,740	\$746	€498	-2%	AED 4,095	\$1,115	€745	-8%	AED 5,355	\$1,458	€974	-8%
One month + (monthly rate)	AED 10,092	\$2,748	€1,836	-16%	AED 17,093	\$4,653	€3,109	-11%	AED 23,205	\$6,317	€4,221	-8%
3 month + (rate per month)	AED 9,500	\$2,586	€1,728	-12%	AED 16,800	\$4,574	€3,056	-3%	AED 22,200	\$6,044	€4,038	-2%

Disclaimer: These rates are average rates and may vary per location, time of year, regional promotions and specific lengths of stays
Rates quoted are based on average 4 star extended stay properties and exclude taxes. Exchange rates used 18th November 2009

Global Serviced Apartment Listings by Bard Vos

Hotel Group	Brand	Locations	Units
Accor Hotels	Adagio	32	4,394
	Mercure (includes Accor Australia & Indonesia)	62	7,048
	Studio 6 (USA & Canada)	52	6,179
	Suite Hotel	26	3,317
	Totals	172	20,938
Ascott International	Ascott Residence	8	1,576
	Citadines	53	6,451
	Somerset	42	6,524
	Miscellaneous	10	902
	Totals	113	15,453
Choice Hotels	Mainstay	37	2,866
	Suburban	63	7,351
	Totals	100	10,217
Extended Stay Hotels	Crossland	34	4,400
	Extended Stay America	362	41,000
	Extended Stay Deluxe	109	11,200
	Homestead Suite Studios	132	17,000
	Studioplus	46	3,600
	Totals	683	77,200
InterContinental Hotels	Candlewood Suites	229	22,116
	Staybridge USA	185	20,350
	Staybridge EMEA	10	1,077
	Totals	424	43,543
Marriott	Execustay	186	4,500
	Marriott Executive Apartments	21	2,667
	Residence Inn	580	84,000
	Town Place Suites	145	14,355
	Totals	932	105,522

Top 15 Global Suppliers

	Group	Locations	Units
1	Marriott	932	105,522
2	Extended Stay Hotels	683	77,200
3	InterContinental Hotels	424	43,543
4	Hilton Hotels Homewood Suites	240	26,400
5	Oakwood Corporate Housing (estimated)	1,580	23,364
6	Accor Hotels	172	20,938
7	Ascott International	113	15,453
8	Stella Hospitality (New entry)	67	12,800
9	Choice Hotels	92	10,217
10	Wyndham Worldwide: Hawthorn Suites	100	10,000
11	Quest Serviced Apartments	125	5,875
12	Residhotel	50	5,200
13	Frasers Hospitality	35	4,700
14	Oaks Apartments	40	4,600
15	Hyatt Hotels: Summerfield Suites	31	4,500
	Sub-total	4,684	370,312

Brand	Locations	Units
Citea	56	3,808
Kasemkij Properties	18	3,000
Toga Hospitality	33	2,873
Waldorf Serviced Apartments	40	2,800
Bavaria Executive Suites	3	2,610
Siegel Suites (New entry)	16	2,500
Bridgestreet (2008 data)	144	2,465
Residhome	18	2,333
Derag Apartmenthotels	12	2,200
My Suite Apparthotels	18	1,616
StayAt Hotel Apartments	13	1,590
Compass Hospitality	10	1,562
Shama Group	13	1,552
Hotel Sierra (New entry)	10	1,552
ATA Hotels (Italy)	7	1,426
Meriton Serviced Apartments (New entry)	8	1,400
Inside by Solmelia	9	1,232
Furnished Quarters	4	1,054
Premiere Suites	18	864
Marlin Apartments	7	840
Best Western Serviced Apartments	39	800
Achat Hotels	14	747
Punt Hill Serviced Apartments	15	707
Central Group	13	650
Southern Sun (New entry)	4	629
Four Seasons	13	605
Golden Sands	1	600
Victor's Residenz Hotel	4	600
Ghotel	10	600
Shangri-la Hotels & Apartments	14	537
CitiSuites	1	500
Kempinski Residences	6	500
Signature Properties	8	500
SACO Apartments	19	475
Courtyard (New entry)	6	460
Don Group (New entry)	6	451
Premier Group	8	445
Protea Hotels (New entry)	5	400
NH Hotels	30	375
Roomspace Serviced Apartments	26	255
Village & Life (New entry)	6	221
Heritage Hotels	10	150
Others	1,720	26,200
Sub-total	2,435	76,684
Serviced Apartment Total	7,119	446,996
CHPA Members - Corporate Housing		
USA		40,928
Canada (Calgary, Toronto, Vancouver)		3,541
Sub-total		44,469
Grand Total (extended stay apartments + corporate housing)		491,465

Report Conclusions

Is the optimism that our survey found amongst operators worldwide justified? Generally, I would say that it is. Product awareness is driving demand, although the biggest hurdles still to be overcome are those of distribution and quality control.

Most companies access serviced apartments via the internet because it is contemporary, and because it is the only medium able to deliver property information, pictures, searchable maps and so on. And as service apartments become a regular feature of company travel policies, so intranets with secure client areas containing selected properties and applied rules to match, will become the norm.

Because corporates, TMCs and HBAs rely on booking tools and legacy information systems that are not as user friendly as internet based equivalents, however, a different approach is required. The solution lies in integrating serviced apartment inventory into agents' proprietary systems, and then working with a specialist service provider to deliver a full range of accommodation options.

Over the last 12 months the global serviced apartments market has shown overall growth in inventory, coupled with a modest reduction in occupancy rates. With a high level of optimism amongst operators for the future, this indicates that the use of serviced apartments is growing faster than ever, with more companies integrating them into their procurement processes. All this despite a worldwide recession

Looking to the future, I hope that our industry will continue to become more cohesive and more visible, with branded products and services better-represented and accessible in key markets. The two biggest sources of inventory – extended stay and corporate housing – do not engage with each other, and a more joined-up approach between the various industry associations is undoubtedly required.

Whilst the Corporate Housing Providers Association provides representation for that section of the market in its birthplace, there is no collective voice for serviced apartments as a whole other than from the ASAP in the UK and the Serviced Apartments Association in Singapore.

My principal concern for the serviced apartments industry is that more property inventory will come onto the market that is not run to the high standards of existing operators in terms of durable quality and service levels. Some new entrants will come from property rather than hospitality backgrounds, and this will bring challenges. The successful serviced apartment operators are those who offer well-run, safe, comfortable and reputable service.

I look forward to reporting on progress in the next Global Serviced Apartments Industry Report.



Charles McCrow
Managing Director
The Apartment Service Worldwide
January 2010

Appendix 1

Acknowledgements

Annemarie Gubanski, Stayat
Anthony Ow, the Ascott Group
Ashoke Kumar, Sterling Suites
Audrey Murante, Carlson
Bryan Mulliner, Protea Hotels/National Oak Apartments
Chetan Mehta, Best Western the Emerald Chalet India
Dean Minett, The Ascott Group
Elsa Pang, Harbour Plaza 8 Degrees
Erin Bozan, the Corporate Housing Network
Grant Kirchmann, Westpoint Executive Suites
Greg McCarthy, Punthill Apartment Hotels
Kristynne Byers, Homewood Suites by Hilton
Martin H Dunford, Tamarind Group
Martin Kubler, Bonnington Jumeirah Lakes Towers
Parinda C, Interchange Tower
Paula de Keijzer, Mamaison Hotels & Apartments
Pierre Libessart, Four Squares Serviced Apartments
Rita Turner, Barry Hall
Steven Leveton, Blue Chip Accommodation Group
Vangelis Porikis, Adagio
Wong Siew Peng, Mayflower Hotel and Serviced Residences

Appendix 2

Sources

abtn.co.uk
apartmentservice.de
Atlas Van Lines 2009 Corporate Relocation Survey
asiatraveltips.com
Association of Relocation Professionals
Association of Serviced Apartment Providers
bangkok-apartment.org
btnonline.com
BreakFree Hotels, Resorts & Apartments
business24-7.ae
businessstraveller.com
businesstravelworld.com
channelnewsasia.com
consultingmag.com
Corporate Housing Providers Association www.chpaonline.org
dnaindia.com
ECA International
english.vietnamnet.vn
ehotelier.com
etravelblackboard.us
franchise.net.au
Highland Group
hoteliermiddleeast.com
hotelnewsnow.com
indianrealtynews.com
Institute of Travel & Meetings
Koosharem
linkedin.com
M&IT magazine
Mercer Cost of Living Survey
moveandstay.com
propertywire.com
Quest Serviced Apartments
Smith Travel Research
theprivateresidence.com
The Straits Times
Travelmole.com
traveldailyasia.com
travelweekly.com.au
worldwideerc.org
zawya.com

The Apartment Service Client Extranet

Your gateway to booking
Serviced Apartments worldwide.

Integration Options



Who is it for?

The Apartment Service Extranet allows you to integrate serviced apartments and booking functionality into your own systems

Cutting edge website



Serviced Apartment Search: Search our worldwide database of serviced apartments

Property Information: Get extensive information on individual properties including location map, room types and amenities

Enquiry Service: Use this service to check availability and for consultation about long stay, special or group rates, and for best available 'on the day' rates

Reservations: Book specific apartments online via our voice reservation service

THE
**APARTMENT
SERVICE**

WORLDWIDE

+44 (0)870 080 2303

www.apartmentservice.com

International corporate and relocation housing solutions just got easier...



We can provide a bespoke extranet with your preferred apartment providers and travel policy – please ask for details...

The Apartment Service is the largest European agent for extended stay and corporate housing worldwide.

We offer Relocation companies and HR management complete temporary accommodation solutions with cost savings in convenient locations to suit your individual business needs.

The Apartment Service is also your gateway to nearly 524,000 apartments worldwide – many with real time, online booking on our website.

Why not contact our business development team to discuss your particular accommodation requirements and to see how we can facilitate your procurement process?

Telephone +44 (0)870 080 2303 or email us at res@apartment.co.uk

Established 1981
Members of:



arp THE ASSOCIATION
OF RELOCATION
PROFESSIONALS

asap
the association of
serviced apartment providers

MEMBER
WORLDWIDE ERC
THE WORKFORCE MOBILITY ASSOCIATION

THE
**APARTMENT
SERVICE**

WORLDWIDE

+44 (0)870 080 2303

www.apartmentservice.com