

Smart, Safe, Sustainable Living for Employees Anywhere in the World

Corporate Housing Trends | Q3 2023



Table of Contents

03

Global Market Trends

06

Global Inventory Pipeline

19

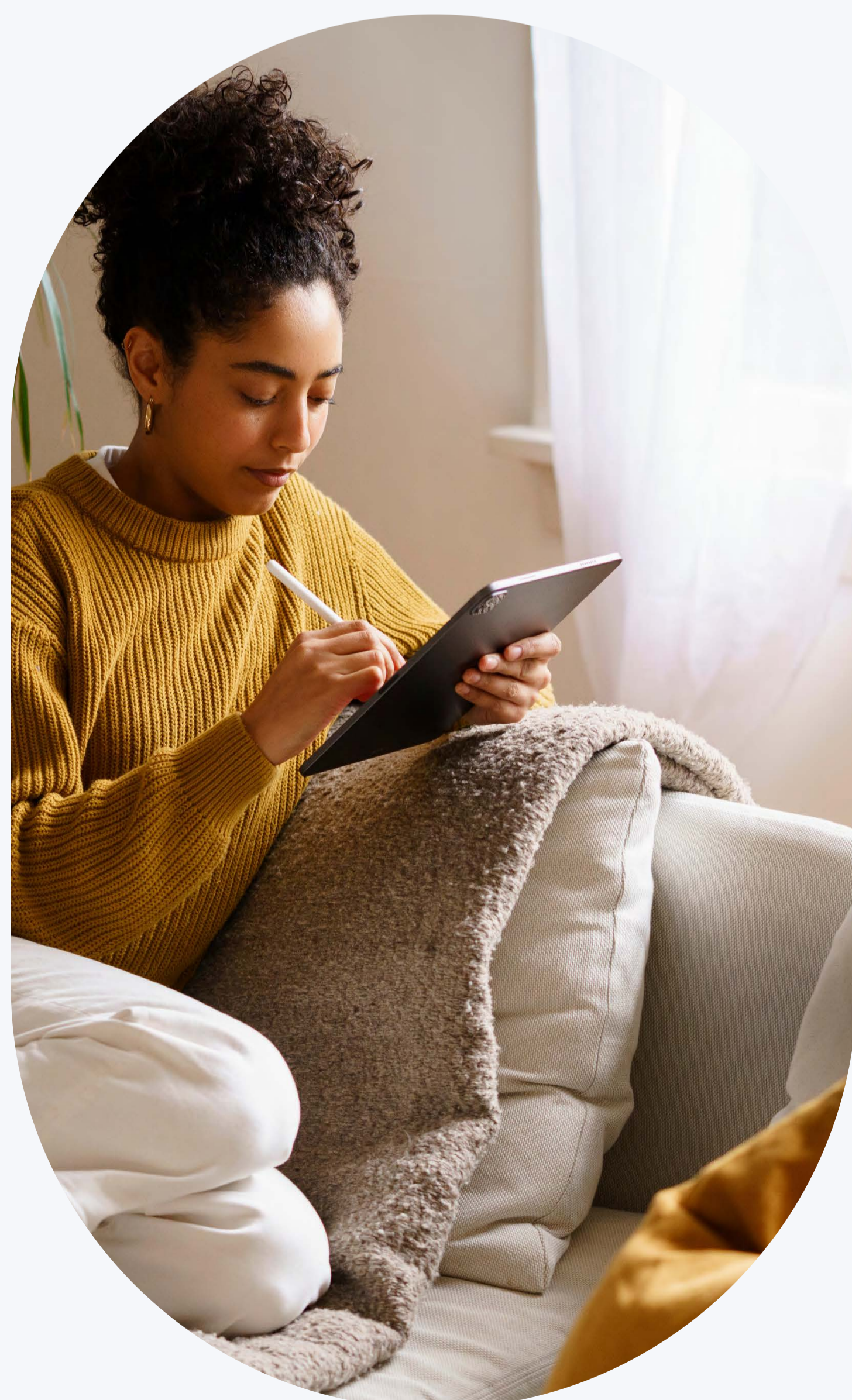
Legislation Updates

25

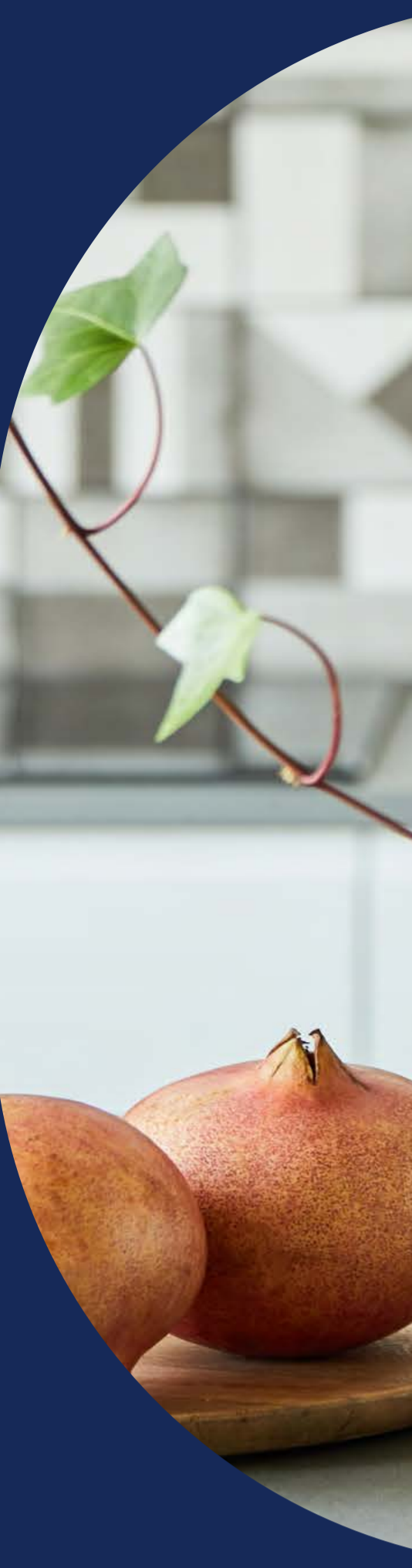
Major Events Impacting Pricing

28

Pricing Comparison and Forecast



TOP 10 Corporate Housing Trends for 2023



1. Serviced apartment sector expands

Corporate housing suppliers like Sonder, StayCity, Roost and Edyn continue to grow their portfolios while traditional hotel brands such as Marriott and Hilton unveil new extended-stay offerings, reflecting the evolving demand for flexibility and convenience. The breadth and variety of inventory will only continue to grow.

2. Innovation in connectivity

Hospitality operators are well aware of the importance of digital connectivity and two-way booking integrations, including for extended stays. Pioneers and hospitality upstarts like Placemakr, Blueground and [Yays drive this connection](#) in extended-stay markets. AltoVita leverages these integrations to enhance its [curated accommodation platform](#), underlining the growing importance of interconnectedness.

3. Enhanced distribution networks for corporate market access

A more comprehensive distribution network is essential for hospitality operators to connect with corporate travellers, and relocation management companies are becoming more present in those networks. Serviced apartment distribution is advancing, with enhanced content now accessible in self-booking tools. Technology-enabled serviced apartments are transforming the landscape and becoming a favoured choice for corporations.

4. India's emerging role in relocation

The subcontinent is seeing a surge in popularity among global and domestic relocations, particularly across Bangalore, Pune and Chennai. Yet the supply of reliable extended-stay accommodation struggles to keep pace, indicating a market ripe for development.

5. Rising demand for serviced apartments in business travel

This trend reflects a shift towards more personalised and comfortable accommodations that cater to the multifaceted needs of the business traveller. Consumer habits have shifted, and many business travellers prioritise health, well-being, and community while on the road — even if their stay is short compared to a relocation assignee.

6. Travel's "purpose-driven" trend amid rising costs

The escalating cost of travel fuels a movement towards more intentional and value-aligned choices, shaping the "travel with a purpose" trend that resonates across the sector. This mindset shift helps stakeholders across the company evaluate whether a trip is worth the monetary and productivity cost. It encourages employees to make the most of any travel they undertake.





7. Cost containment through Q3

A prevailing focus on fiscal responsibility shapes corporate travel policies and strategies, underscoring a broader emphasis on sustainability and efficiency. Companies therefore are focusing on consolidation, in order to leverage combined purchasing power and further drive down costs.

8. Co-living and serviced apartments meet work-from-home demands

Many corporations are still balancing hybrid work environments with full-on return-to-office policies. The uncertainty in how this trend will play out in the market over the long term drives demand for co-living and serviced apartments.

9. Collaboration between global mobility and corporate travel teams

While the boundaries between these entities are blurring, collaboration is still in the early stages, with only 42% of companies working in unison — a sign of untapped potential.

10. Artificial intelligence revolutionises the travel industry

The travel sector embraces generative AI, with OpenAI's ChatGPT technology adopted by major players such as TripAdvisor, Navan, Booking.com, Kayak, and Expedia. Benivo launched an AI-based avatar called Benita in the relocation and serviced apartments sector.

Global Inventory:

Current Status and Future Pipeline

Forecasted Inventory Pipeline:

United States

The forecasted inventory for short-term rentals in the United States is increasing due to various factors. As of Q2 2023, homeowners are choosing to hold onto their properties bought with historically low mortgage rates and rent them out instead of selling them in a soft market. This trend has boosted supply of short-term rentals. The supply forecast for listed nights in 2023 increased to 14% year-over-year, up from the previous forecast of 9%. This increase in supply is applying pressure on occupancies.

Overall, U.S. travel demand data suggests a slight dip in travel in the U.S. in Q2 2023, with 55% of Americans reporting that they travelled, down four percentage points compared to Q1 2023 July 2023, perhaps due to a slowdown and hiring freeze in the tech industry.

The silver lining here is that decreased demand for corporate housing leads to easier sourcing and shorter lead times required. While pricing remains high due to factors such as energy and the overall cost of living, there is little room for negotiation. Corporations continue to look for properties that align with their duty of care, sustainability, and DEI policies, not to mention tech-forward properties that meet consumers' expectations. At the same time, numerous industry surveys reveal that while businesses recognise the importance of sustainable travel, it's not always the case that they are willing to incur significant additional cost in order to achieve more sustainable outcomes.

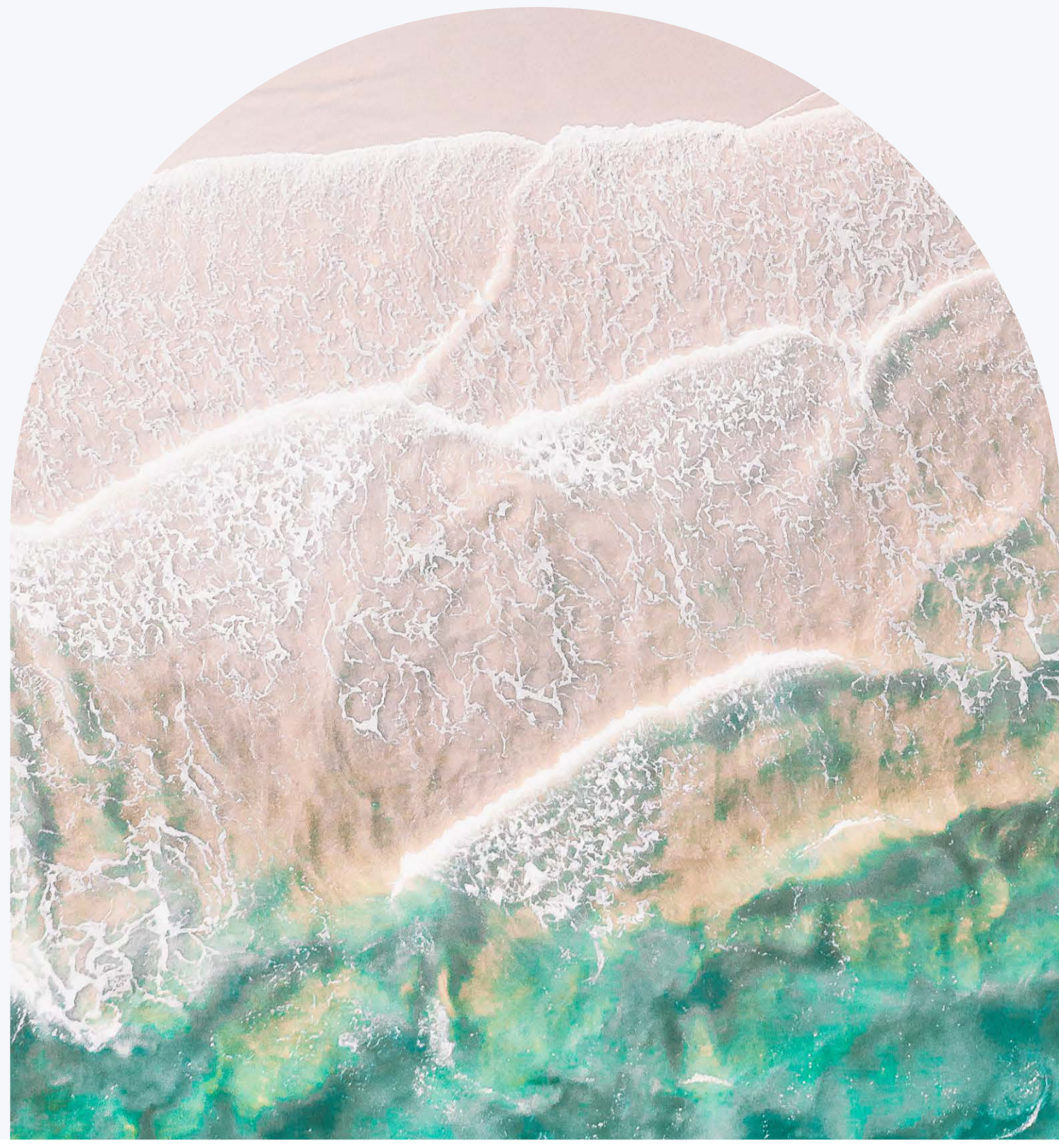
Concerns around inflation and an impending recession are now more instrumental in deciding where to relocate vs. a desire to explore significant metropolises. Trends indicate people seek stability and affordability in less built-up and more environmentally friendly communities.

Regarding the homebuying economy, cities like El Paso, Texas; Columbia, South Carolina; Hartford, Connecticut; and Buffalo, New York, are projected to grow the most. Regarding the rental market, cities like Durham, Pittsburgh, Nashville, Des Moines, and Charlotte are tipped to grow the most.

Austin, Texas

The Austin housing market showed signs of normalisation in the first half of 2023. Active listings have since risen by 38.4%, leading to a housing inventory of 3.7 months, reflecting increased availability. The Central Texas region still faces challenges related to affordability. The overall resilience of the Austin-Round Rock housing market, supported by a diverse regional economy, indicates a robust future, albeit with caution warranted regarding affordability and inventory levels.





Orlando, Florida

Orlando's housing market is projecting a complex picture of stability and shortage in the inventory pipeline. The housing supply remains critically low at just 1.7 months of inventory, well below historical norms. Builder confidence has begun to recover, yet the U.S. Housing Market Index predicts a decline in single-family and multifamily permits through the summer.

As Orlando grapples with a shortage of inventory and a surplus of buyers, the low supply scenario is anticipated to persist, maintaining a steady market but with potential challenges for buyers and builders. This delicate balance between demand and limited new inventory will shape Orlando's real estate landscape in the coming months, keeping it a somewhat competitive market.

Charleston, South Carolina

Short-term rentals are driving a real estate boom in South Carolina as investors try to get in on the elevated demand. The average daily rate has increased by 3% year-over-year, and the average length of stay is higher than the national average—both of which may be attributed to a slight rise in supply or shifting booking habits. Charleston continues to outperform other destinations in the state and possibly poses a good investment opportunity for investors.

Forecasted Inventory Pipeline

EMEA

Last year, corporate housing in Europe, the Middle East and Africa (EMEA) was nearly maxed out, with occupancy rates in key cities hitting 95-98%. This was due to a backlog of Covid moves, a booming tech industry and workers displaced by the Ukraine conflict, creating a perfect storm.

Finding housing required 5-6 weeks of lead time in 2022, but 2023 is shaping up differently. The slowdown in tech industry hiring and relocation has made sourcing easier with shorter lead times, and operators are now reaching out to agencies like AltoVita to win their business. Pricing is still high, but there's room to negotiate considering peak season has not yet reached full potential.

Cost savings are a priority for many businesses this year. Employees are more willing to travel from remote areas within a 40-minute train ride of the city. While this can help with budgets, finding housing outside city centres can be a balancing act, especially in smaller cities.

In 2023, corporate housing in the EMEA region will be more flexible and accessible than last year, but challenges with pricing and availability remain.



Spotlight on Paris 2024

Navigating Corporate Housing During the Olympic and Paralympic Games

Paris is bracing for an extraordinary season with the excitement of the Olympic Games scheduled from July 26 to August 11, 2024, and the Paralympic Games from August 28 until September 8. As a relocation or business travel manager, the influx of an estimated 13 million tourists will undoubtedly affect planning.

The Challenge: Limited Availability and High Demand

Paris, a business travel and relocation hub, will experience a unique challenge in 2024. It's the first time in the history of the Games that the opening ceremonies will take place outside the traditional stadium setting — in the centre of the host city — a good analogy for the corporate housing inventory scene.

An estimated 80% of hotel room occupancy will be earmarked for Olympics-related professionals, including athletes, their teams, and journalists. This significant reservation and rooms blocked without confirmed bookings leave limited options for other professionals and tourists.





The Solution: AltoVita's Extensive Network

AltoVita offers access to nearly 15,000 units in central Paris and the suburbs, ranging from fully vetted private homes to serviced apartments, and caters to various corporate housing needs.

An early block booking is essential, with inventory already being reserved and demand expected to spike after the 12-month. AltoVita's hospitality partners prioritise existing customers and longer stays, gradually opening up availability with nightly rates at the higher end of the Best Available Rate (BAR). Block booking units is essential to secure apartments if significant volumes need to go to Paris for over one month next summer.

Group Bookings with AltoVita



Making group bookings with AltoVita is both convenient and flexible

- It's easy to make complex, large-scale group bookings on the AltoVita platform.
- There's no need to enter check-in or check-out dates, as we know significant group moves require flexibility
- Manage your group booking through a single booking reference, saving you time
- Easily access individual guest status for an overview of where your employees are at all times.

Navigating Paris's bustling housing market during the Games will require foresight and strategic planning. By understanding the unique challenges and leveraging AltoVita's extensive network and flexible booking options, relocation and business travel managers can ensure a smooth experience during this unprecedented event. Act now to maximise availability and cost efficiency and make the most of the Paris 2024 Olympic and Paralympic Games.

Forecasted Inventory Pipeline

APAC

Expect a significant upswing across Asia Pacific markets in the third quarter. A resurgence of business travel, talent movement, the reopening of China and a stabilising supply pipeline propel this growth.

When surveying the occupancy landscape in the region, a pattern emerges: most properties are experiencing high occupancy rates. At AltoVita, this trend is clear in the uptick in corporate travel, encompassing both short-term and long-term stays. With many Asia Pacific countries easing restrictions for international travellers, including short-term visitors, the door is now wider than ever, often without quarantine requirements.

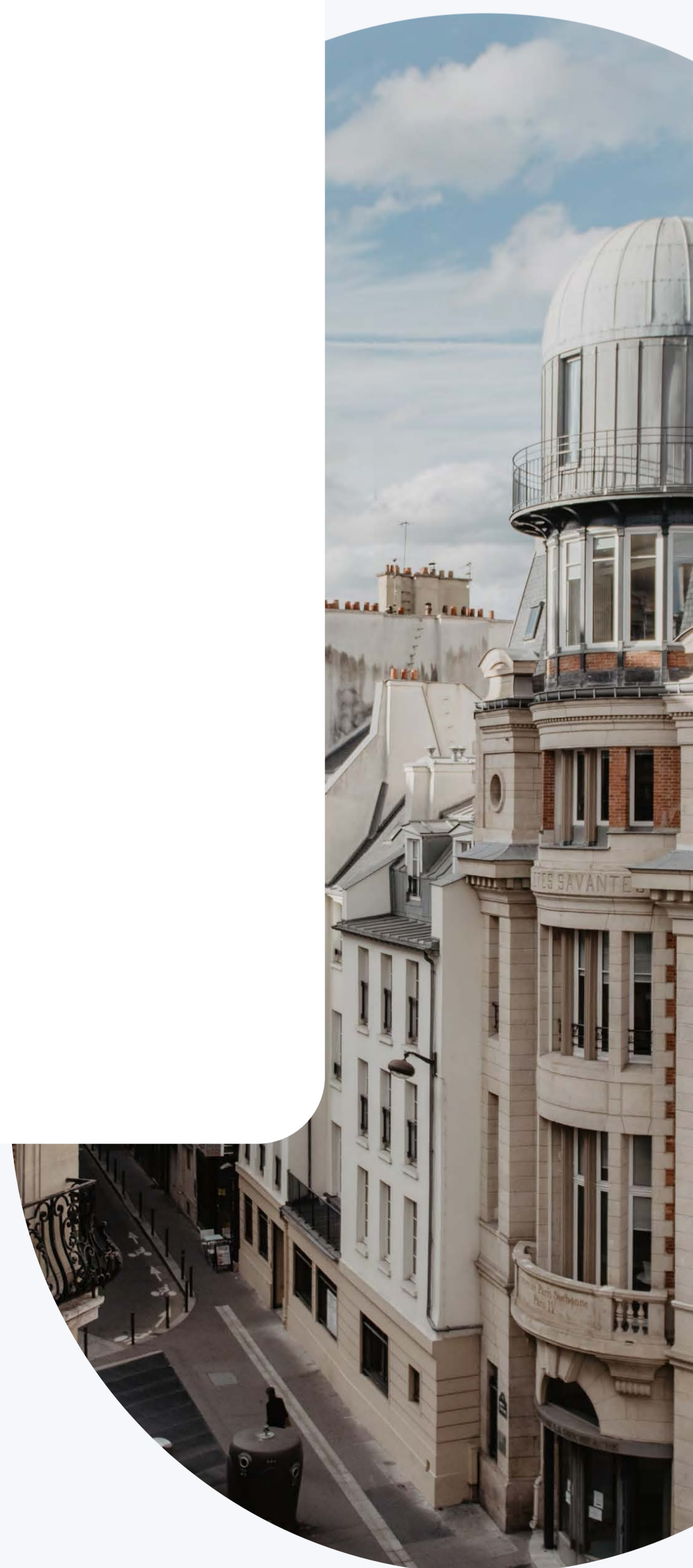
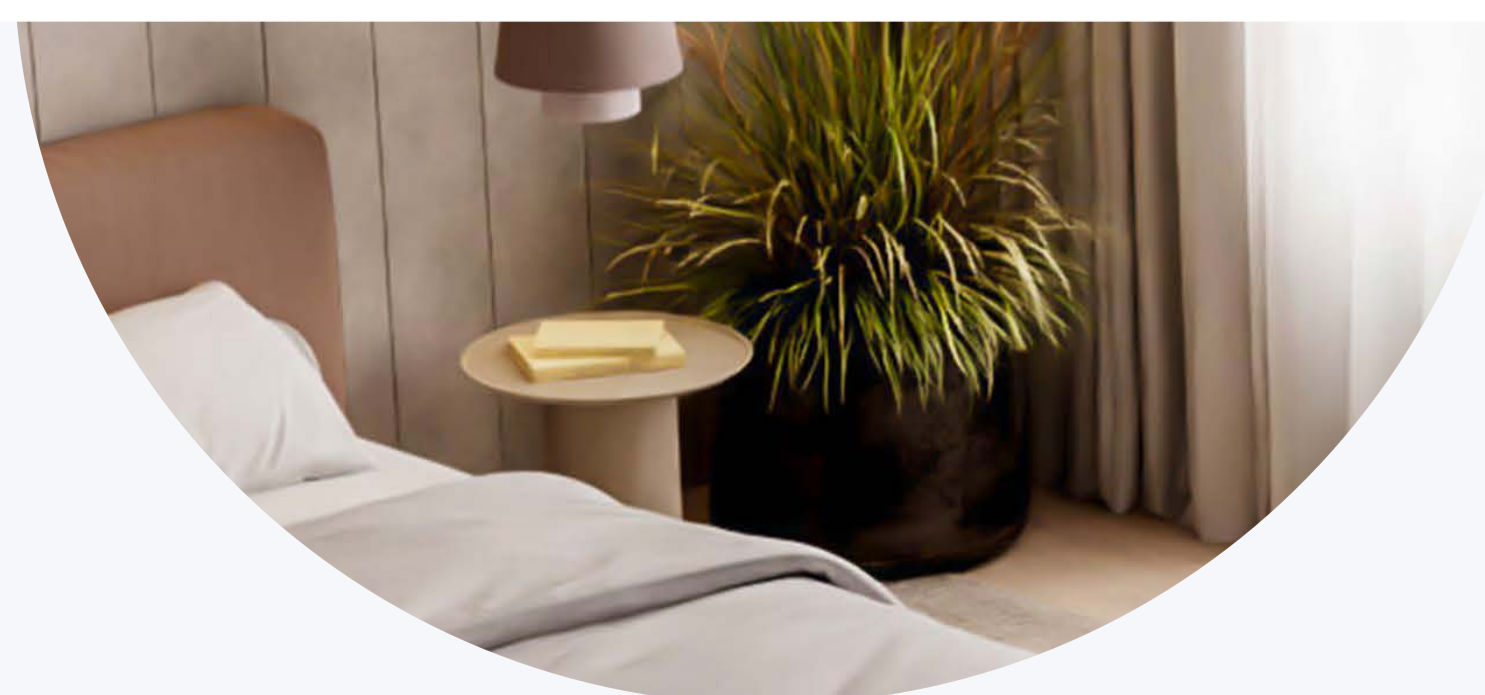
During Q1, we noticed a rebound in demand in Singapore, Japan, and Thailand, fuelling a rise in prices across these areas. The reactivation of China's outbound travel has further stimulated demand.

A heightened interest in business and leisure travel into the region is evident, resulting in a supply shortage in several countries and escalating costs. In response, corporations are recalibrating to accommodate the rising expenses of serviced accommodation in sought-after locations like Singapore and Japan.

With business activities and conferences reviving in the Asia Pacific, we advise clients to submit their housing requests promptly. Early action will leverage availability and cost efficiency.

A growing focus on sustainability is also on the horizon for business travellers in the APAC region. Corporations increasingly spotlight environmental, social and corporate governance transparency in travel.

Regionally, Australia and Singapore are leading the way, closely followed by Japan and China, in addressing environmental and social concerns. Moreover, India's government is actively showcasing the nation's diverse and nature-based cultures in alignment with its [National Strategy and Roadmap for Sustainable Tourism](#), emphasising low impact and local orientation.





Singapore

In Singapore, occupancy rates should either maintain current levels or increase, mainly due to the country's effective handling of Covid-19. This highly desired market offers advantages, including a well-developed infrastructure, a low crime rate, attractive tax regulations, and a robust healthcare system.

Earlier this year, the Singaporean government introduced the Overseas Networks and Expertise Pass (ONE Pass) as part of a broader strategy to attract global professionals and foreign investment. This initiative will likely further boost the country's appeal as a hub for international business and residence.

Despite its reputation as one of the most expensive cities, Singapore's appeal must be addressed. The spike in housing costs hasn't deterred the influx of expats. During the second quarter, when relocations were in full swing, there was a noticeable shortage of availability across all types of apartments.

Our team at AltoVita has observed these trends firsthand, receiving notifications from several hospitality partners regarding total occupancies throughout the summer until August. Meanwhile, availability remains tight for specific properties, leading to the expectation of increasing rates to manage supply better.

Despite its challenges, Singapore continues to solidify its position as one of the top preferred Asian countries for expats and business travellers.

Thailand

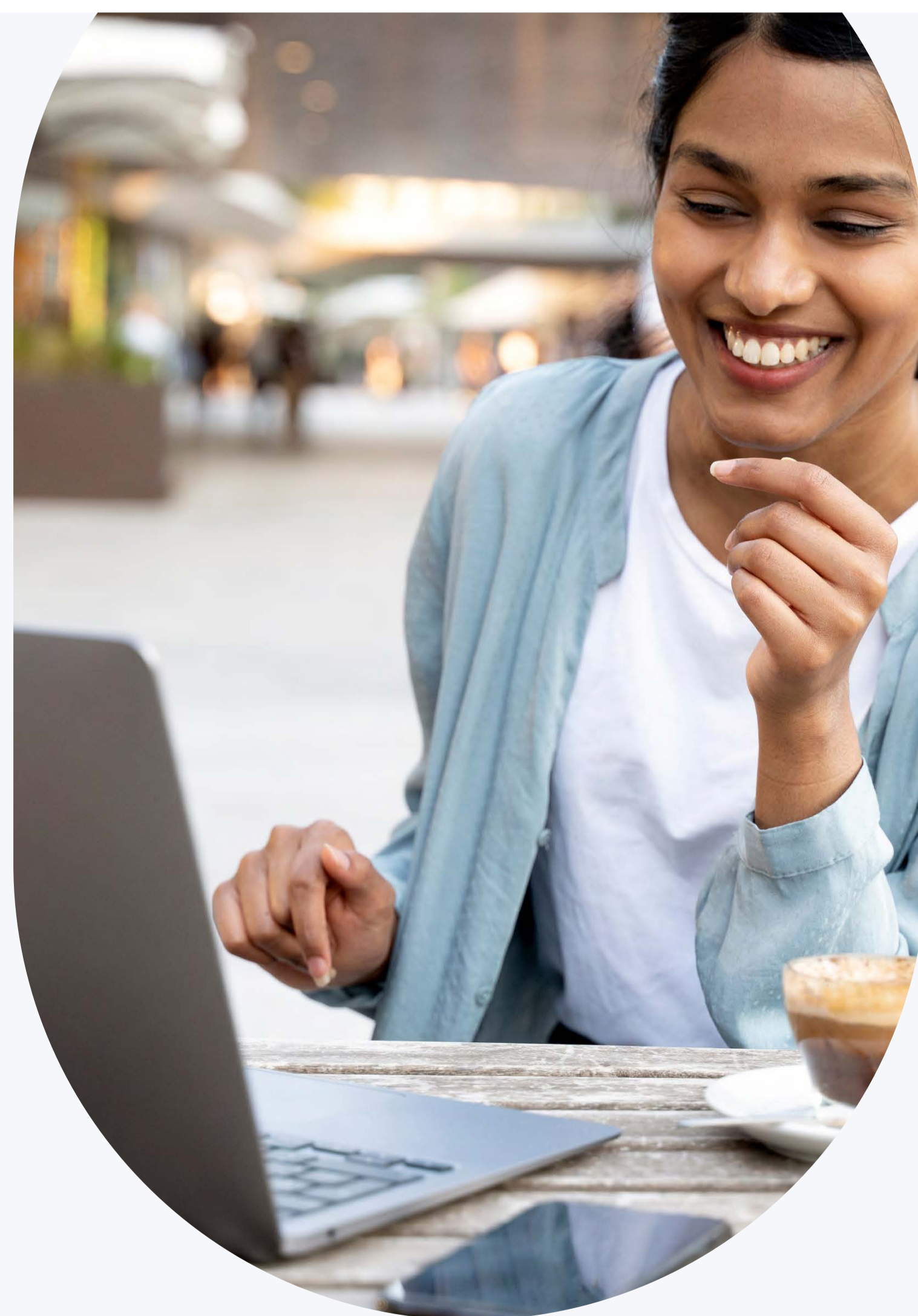
Thailand surpassed its tourism targets in the first quarter, receiving 6.15 million visitors, outpacing the goal of 6 million set by authorities.

Like Singapore, the Thai government is actively courting business travellers and expatriates. A 10-year long-term resident visa has been launched for skilled professionals and remote workers, drawing applicants from countries including the U.S. and China. This initiative further positions Thailand as a desirable destination for global talent.

As the cost of living skyrockets in other parts of Southeast Asia, Thailand's affordability becomes an even more attractive feature. Despite its lower cost, the country offers expats a high quality of life, rich cultural experiences, and beautiful landscapes.

The hospitality sector in Thailand is adapting dynamically to meet the growing demand from tourists and professionals. A range of accommodation options, including hotels, serviced apartments, and private residences, are becoming available to suit various needs and preferences.

Thailand's strategic initiatives, affordability, and quality of life make it an increasingly popular destination for business travellers and expatriates. Its growing hospitality inventories are expected to continue to evolve to support this trend.



China

China's reopening to business travellers on January 8, 2023, marked an immediate revival, signifying anticipated growth and existing constraints. China's business travel sector saw a 50% increase in international arrival and departure numbers immediately after reopening. Top inbound markets included the United States, Germany and the UK. However, this surge did not translate to pre-pandemic levels, as arrivals were still down by 75% compared to the same period in 2019.

Recent incidents, including Covid-19 infections, high flight costs, and diplomatic tensions, affect the recovery pace and reshape the travel landscape. These factors could quell a resurgence in the near term, and longer, consolidated trips are becoming more common as businesses assess the necessity of travel.

While China's reopening has signalled an initial desire to revive business travel, the trajectory is complex, reflecting conflicting variables, uncertain inventory, and a transformation in global business travel norms. Prudent planning, adaptable strategies, and a keen understanding of the evolving landscape will be vital to navigating this intricate environment.



Spotlight on India

India's Corporate Housing Market: Forecasted Inventory Pipeline and Strategic Insights

India's diverse cities are witnessing remarkable growth and evolution in the accommodation sector, reflecting the broader trends in the economy and society.

Foreign tourist arrivals nearly tripled from January to April 2023, compared to the same period in 2022, registering at 3.1 million against 1.2 million. However, this is still shy of the pre-pandemic levels of almost 4 million tourists during January-April 2019.

Business and professional arrivals accounted for 12.4%, with leisure and recreation making up 46.8%.

In the next five years, a surge in accommodation supply is anticipated across India's major cities, with Bangalore, Mumbai, Hyderabad, Gurgaon, and New Delhi seeing the highest demand to match it. Accommodation standards can vary widely in quality, and hotel prices can be highly dynamic, fluctuating with factors such as seasonal demand and local events.

Bangalore

The Silicon Valley of India, Bangalore, hosts numerous multinational corporations and IT professionals. Business-friendly amenities such as conference facilities are widely available, reflecting the city's consistent demand for business accommodation.





Mumbai

India's wealthiest city, Mumbai, is known for its entertainment and financial sectors. Being the most expensive city for expats in India, it experiences high occupancy rates in tourist areas and business districts.

Hyderabad

A significant IT and business hub, Hyderabad sees serviced apartments in high demand, with occupancy rates ranging from 70-85%. Upcoming events and trade shows in 2023 are anticipated to occupy 60-70% of available service apartments.

New Delhi

The capital city, New Delhi, is India's administrative and commercial centre, offering various accommodation options to suit multiple needs.

Gurgaon

Known as Gurugram, Gurgaon has rapidly transformed into a real estate hotspot, hosting numerous multinational companies and business centres.

Challenges and Solutions

India's diverse market poses a challenge when searching for consistent quality and budget-friendly options. However, through careful planning and collaboration with partners like AltoVita, relocation and travel managers can navigate the market effectively. AltoVita's on-the-ground team helps to identify and evaluating corporate housing options, negotiates rates, and ensures a streamlined booking process. Leveraging a well-connected network like AltoVita provides a tailored and efficient approach to meeting your corporate housing needs in India's vibrant cities.



Legislation Updates

Market Update

United States

The regulatory landscape for short-term rentals (STRs) in North America continues to evolve as cities and states restrict or tax the burgeoning industry. We see a trend toward increased regulation and taxation of the short-term rental market, impacting availability and affordability in several U.S. markets. Corporate housing providers and businesses that rely on these services must carefully navigate these changes, possibly seeking alternative solutions or advocating for favourable market regulations.



Jackson Hole, Wyoming

The Jackson Town Council voted unanimously to update short-term rental regulations, aiming for a balance between allowing some rental opportunities and protecting neighbours from constant visitor turnover. The new regulations take effect on January 1, 2024, and a formal ordinance must be prepared and go through three public readings and council votes.

An informal interpretation in 2007 allowed for 12 vacation rentals per year in certain areas, which created a financial incentive to rent to visitors rather than local workers. This interpretation has been seen as a loophole, removing housing units from the community pool.

The revised regulations aim to reduce short-term rentals from 12 times per year to three, with a maximum of 60 days total. This limit applies to neighbourhoods outside specific zones like the town's lodging overlay and Snow King Resort District.

These changes aim to regulate short-term rentals transparently and fairly, ensuring that housing in residential areas is used for actual housing rather than hotel-style accommodation.

Dallas, Texas

A recent decision by the Dallas City Council to ban STRs in single-family residential neighbourhoods adds to the growing list of regions grappling with the sector's effect on local housing markets. This ban may affect the availability of short-term housing solutions for business travellers and corporate housing providers in Dallas, limiting options and potentially driving up costs.



Flagstaff, Arizona

Following changes in Arizona state law, Flagstaff passed new short-term rental regulations that could further tighten the market, making corporate housing more challenging to source in affected regions.

New York, New York

New York City's legal battle with Airbnb over short-term rentals reflects a broader tension between cities and short-term rental platforms. If the ordinance against Airbnb stands, it could immediately reduce STR inventory, adding pricing pressure to an already tight New York City market and impacting corporate travellers and housing providers.

Dover, Delaware

Finally, a new bill in Delaware proposing a tax of up to 16% on rentals signifies the increased scrutiny and potential financial burden on STRs. This tax could further drive up the costs of short-term accommodations, affecting businesses relying on these housing options.



Market Update

EMEA

Legislative changes are playing a significant role in shaping the corporate housing sector in EMEA. New laws and regulations are creating both opportunities and challenges, from innovative tourist taxes in the UK to tight controls on construction in Switzerland. These changes reflect broader social and economic trends, impacting everything from occupancy rates to VAT on accommodation services.

Florence, Italy

The city's consideration of [new short-term rental regulations](#) may create challenges in an already constrained market, particularly for corporate housing providers relying on serviced apartments. Navigating these regulations will be vital for maintaining availability and affordability in Florence.

Manchester, UK

The [City Visitor Charge](#), a £1 per night tourist tax, was introduced in the spring as a funding measure for local improvement and marketing. While the direct effect on corporate housing may be minimal, the increased funds could enhance the city's appeal for business travel and events, indirectly benefiting the sector.

Switzerland

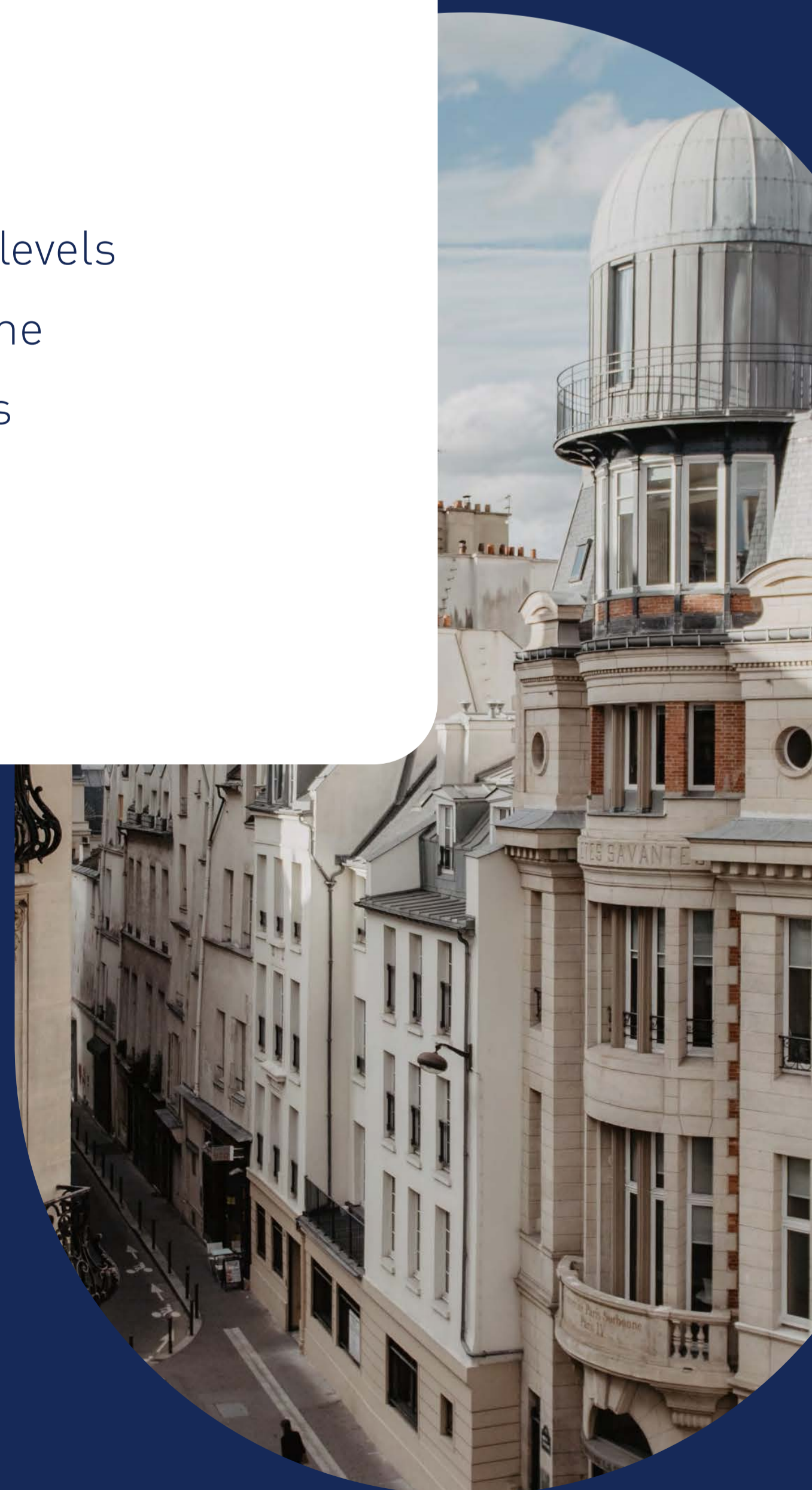
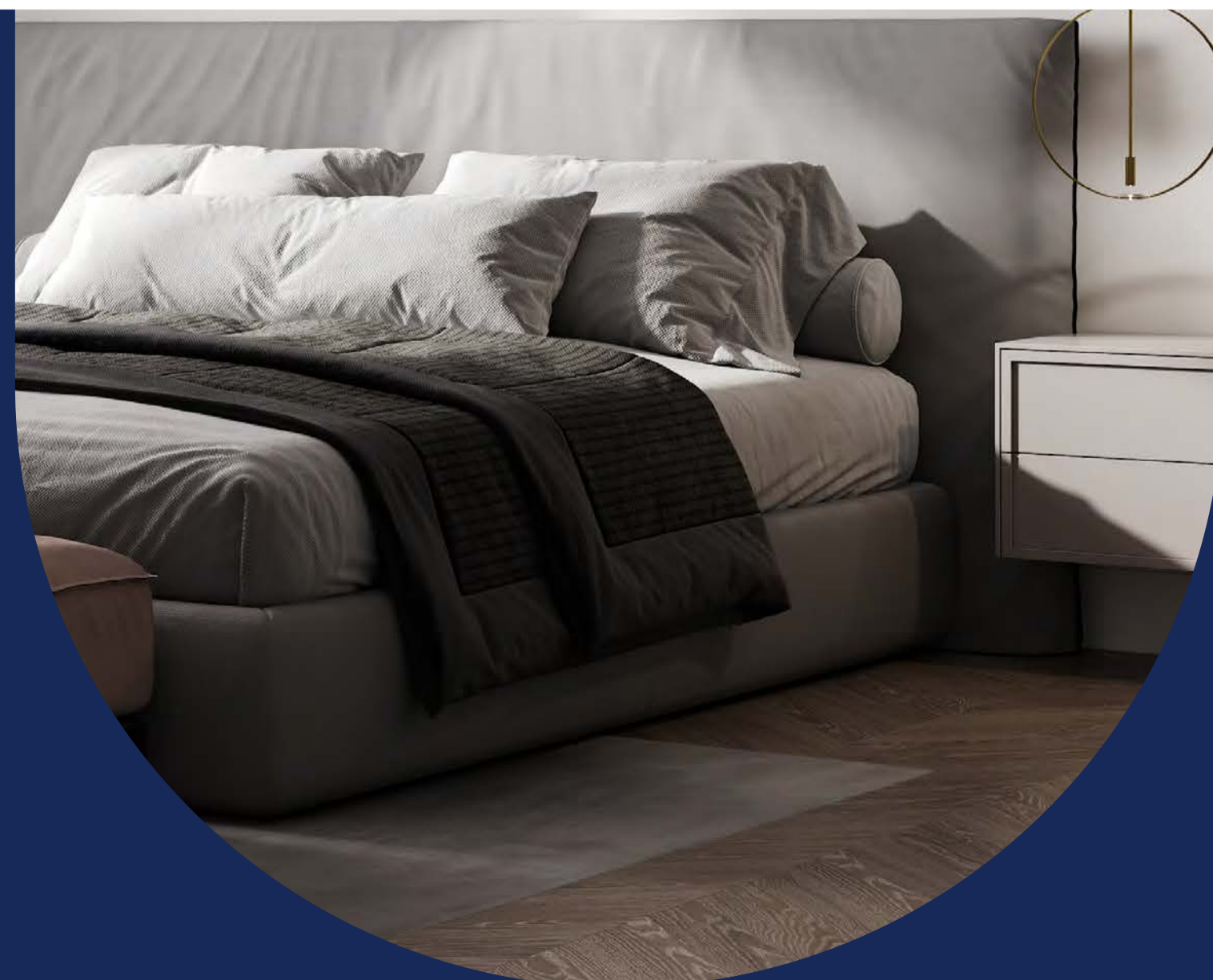
With a slight increase in VAT on accommodation and rent services from 2024 and high occupancy levels due to tight control over new construction, the Swiss market could face considerable challenges in expanding corporate housing inventory. Finding innovative solutions or partnerships could be critical for businesses in Switzerland.

The Netherlands

Proposed increases in tourist and city tax in Amsterdam and supply constraints in Rotterdam and The Hague may drive up costs for short-term stays with holiday rental permits. Corporations relocating operations to secondary cities may increase demand, necessitating careful planning and strategy by corporate housing providers.

Middle East and Africa

The optimistic projection of returning to pre-pandemic business travel spending levels by 2024 signals potential growth and opportunities in corporate housing across the Middle East and Africa. Aligning with this trend and identifying emerging markets within the region may benefit providers.



Market Update

APAC

The APAC region's regulatory landscape for short-term rentals varies significantly by country.

For instance, in Australia, China and Indonesia, the regulatory structure is relatively lenient, focusing on public security and safety conditions, the number of nights the rental property can be booked, licence requirements, and tax structure, which may include a short-term rental occupancy tax or lodging/hotel tax on STRs, in addition to income tax and self-employment taxes.

On the other hand, stricter regulations are observed in Thailand and Singapore. Property owners cannot rent their units for short periods in these countries. Specifically, the minimum rental period is 30 days in Thailand and 90 days in Singapore, which challenges the ability of STRs to offer bespoke services to their customers and diminishes the value proposition of their core business model.

While the STR market is growing in the APAC region, regulatory challenges persist and vary significantly across different markets.

Malaysia

Malaysia is considering becoming the first Southeast Asian country to implement nationwide restrictions on short-term rental platforms like Airbnb, spurred by a recent ruling to ban such listings in private residential properties. The proposed rules would require hosts to register with the government and adhere to safety and quality standards, but they would not apply to extended-stay properties and serviced apartments.

Major Events to Impact Pricing in Q3 2023

Many significant events are planned for the coming months and years that could stimulate demand in the hospitality and tourism sectors. Keep an eye out for the following events:

United States

Las Vegas

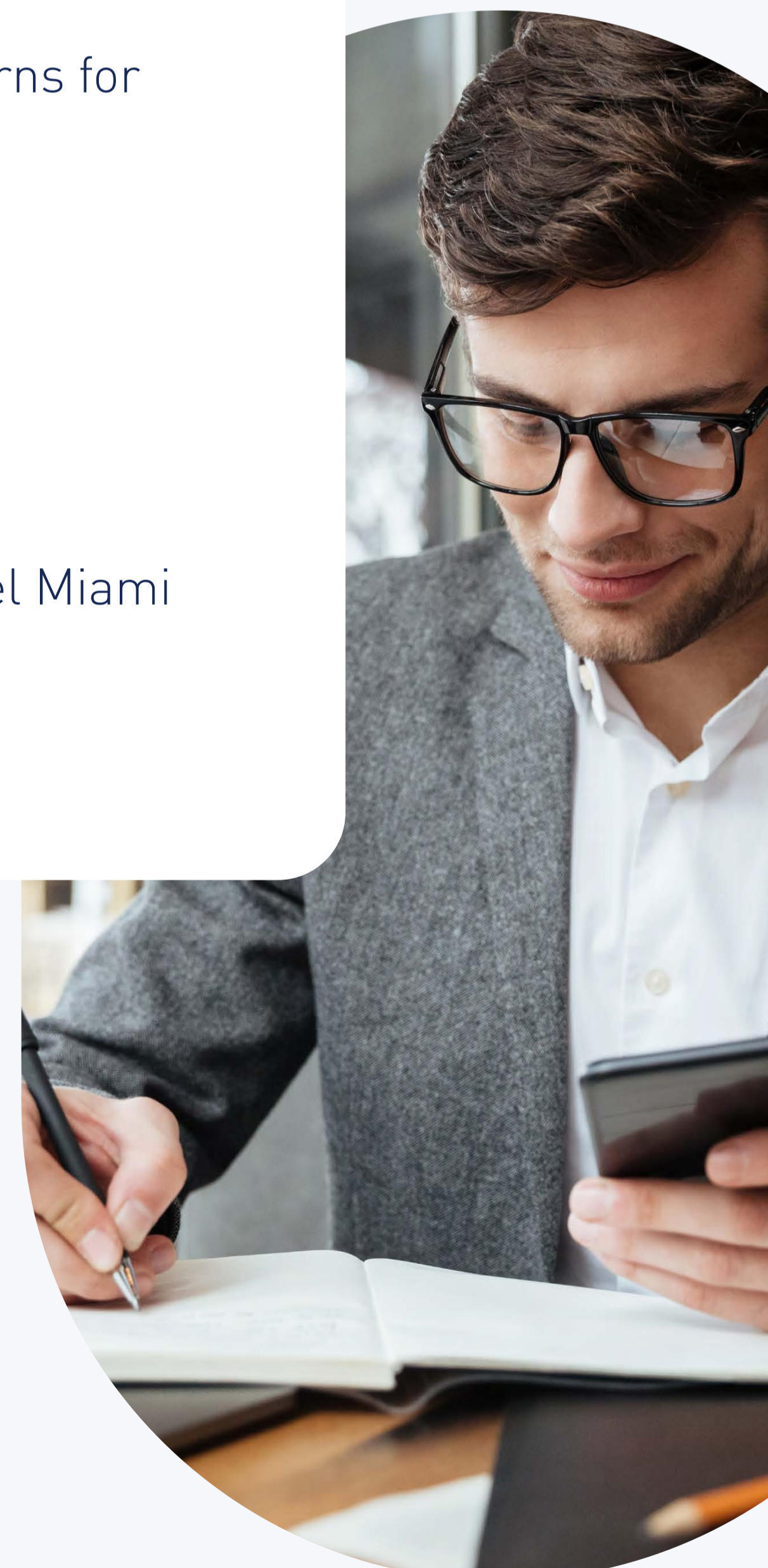
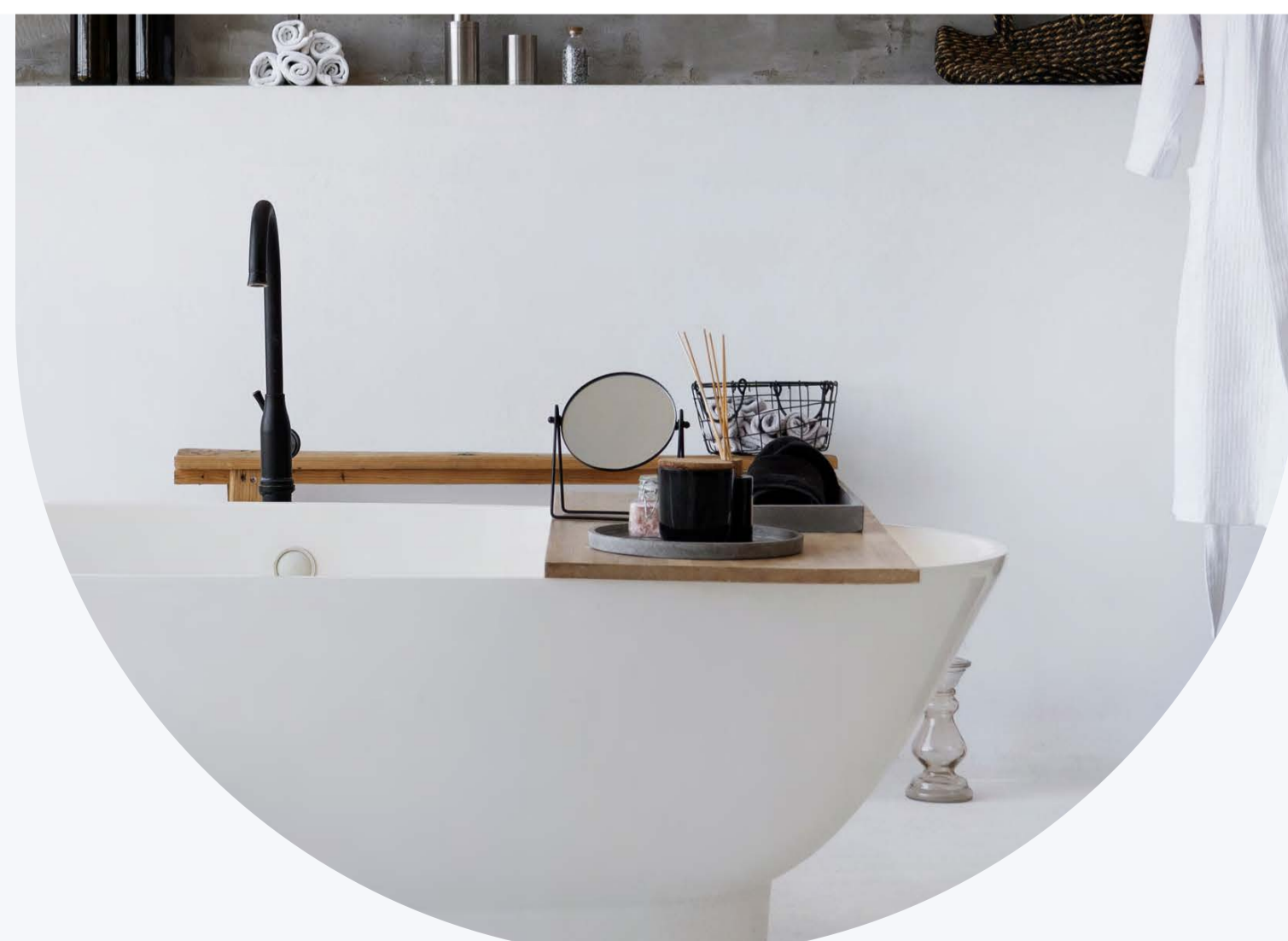
- 2023 Las Vegas Grand Prix: Formula One returns to Vegas for the first time in 40 years in November 2023. With a host city often referred to as “the entertainment capital of the world,” this is sure to be a race unlike any other.

New York

- 2023 US Open Tennis: The US Open is the grand finale of the four grand slams on the tennis calendar and is held in New York each year.
- Armory Show and Independent 20th Century, New York: September 8-10. The show returns for its third edition with significant growth expected.

Florida

- Art Basel Miami Beach: December 7-9. The art world — and industries like fashion and entertainment — descend on Miami Beach for a series of art fairs headlined by Art Basel Miami Beach.



EMEA

France

- Paris: Rugby World Cup: September and October 2023
- Paris+ par Art Basel: October 19-22. Following a successful first edition, Paris+ par Art Basel is set for a strong return this autumn.

Germany

- Art Cologne: November 17-19. The world's oldest art fair celebrates its 56th edition.

Italy

- Artissima, Turin: November 3-5. This year marks the 30th anniversary of one of Italy's most important art fairs.



APAC

Australia and New Zealand

- FIFA Women's World Cup 2023: July 20-August 20. Held in Australia and New Zealand.
- Sydney Contemporary: September 7-10. Australia's largest art fair celebrates its 10th anniversary.

India

- ICC Men's Cricket World Cup: October/November. The 13th edition of the ICC Men's Cricket World Cup is one of the significant sporting events of 2023, especially for South Asian countries where cricket is the dominant sport.

China

- The Asian Games, Hangzhou: September 23-October 8. Expected to attract 10,000 athletes from across the region.

Japan

- Tokyo Gendai Art Fair: July 7-9. A new player in the international art fair scene, featuring leading Japanese and international galleries.

South Korea

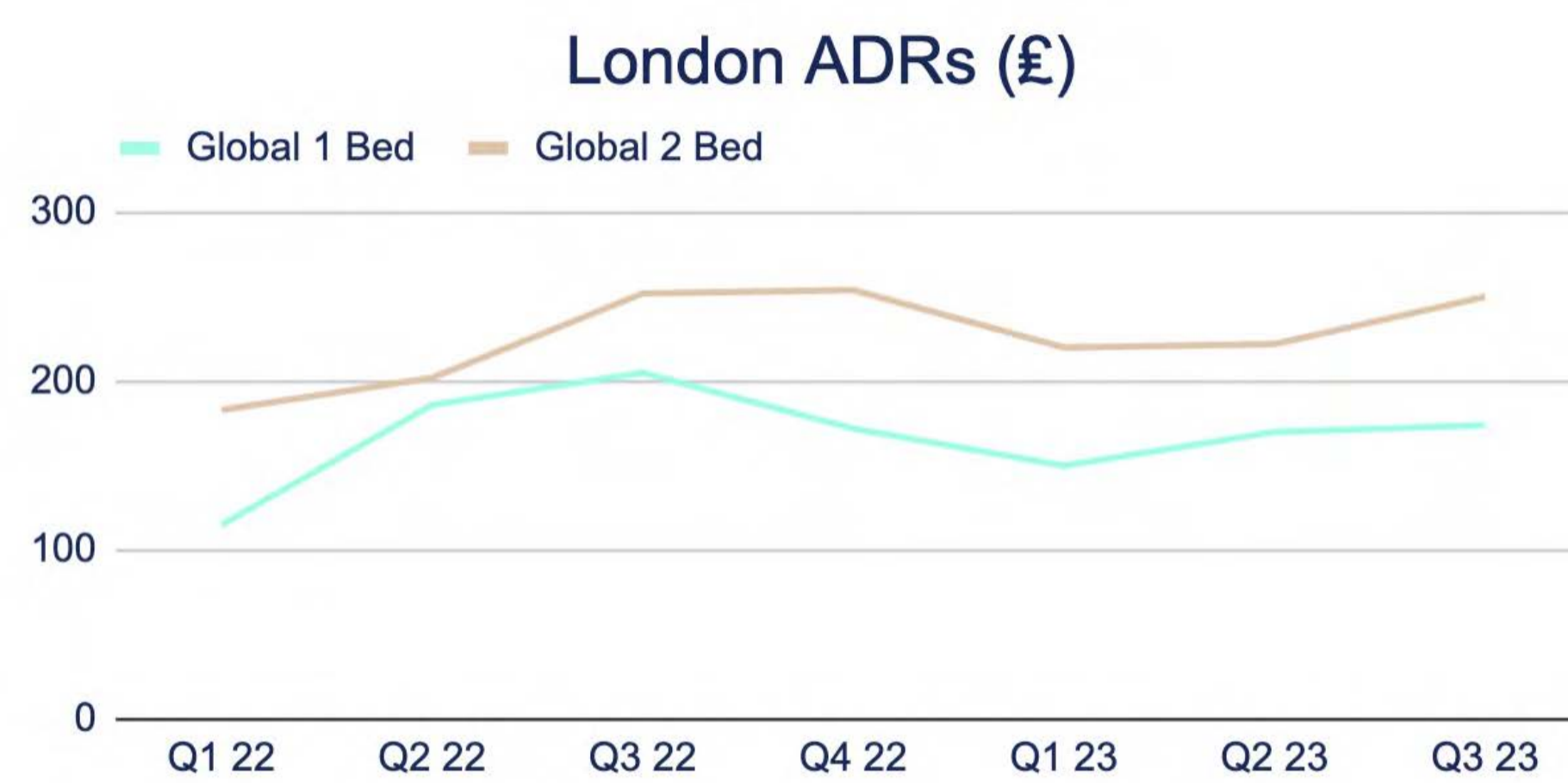
- Frieze Seoul and KIAF, Seoul: September 7-9. Frieze Seoul aligns with the local fair KIAF, highlighting South Korea's heating art market.

These events represent a diverse mix of sports, art, and cultural activities across various regions, and they are poised to stimulate demand in the hospitality and tourism sectors throughout Q3 2023.



Pricing Comparison and Forecast

London ADRs (£)

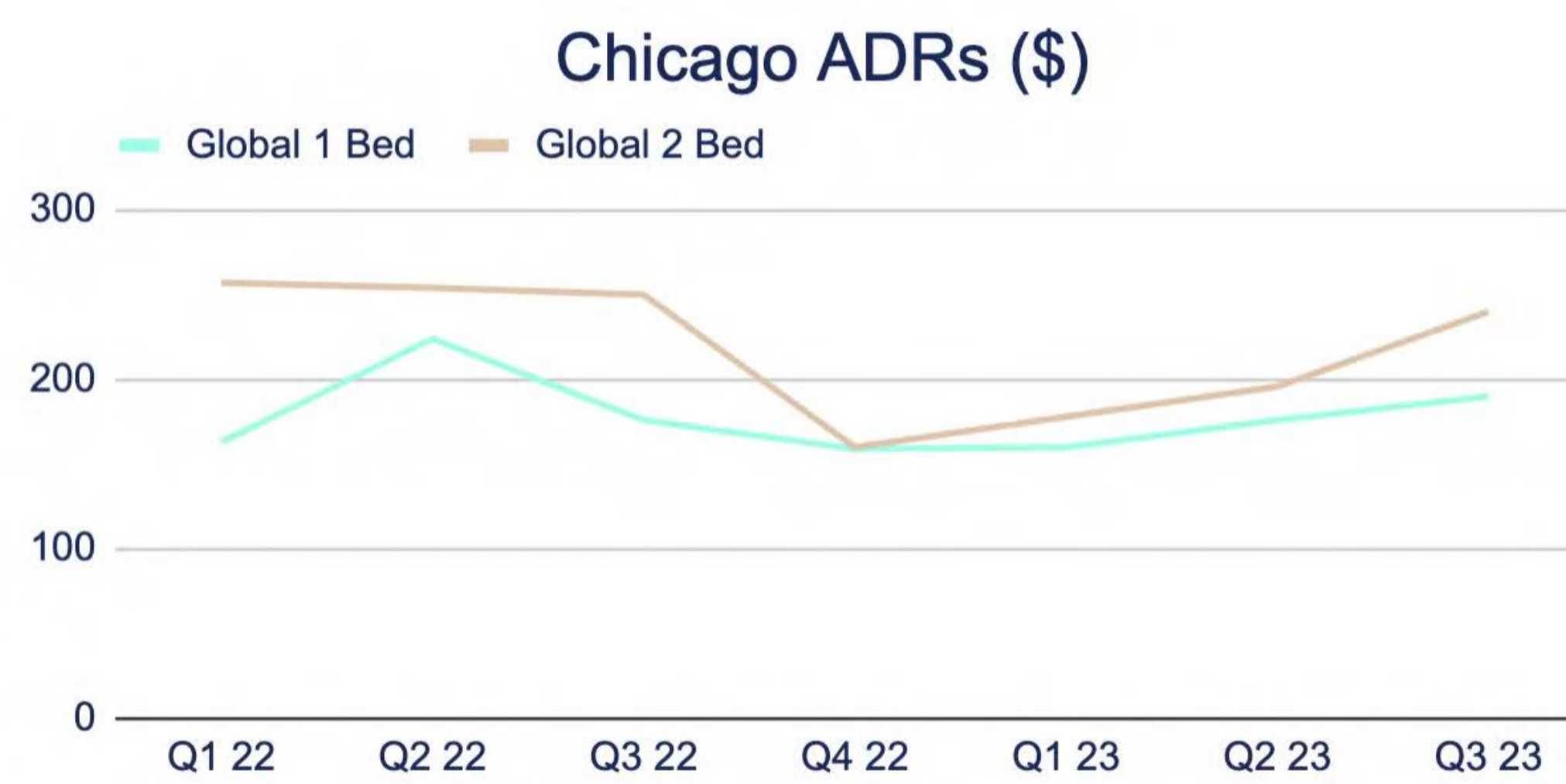


NYC ADRs (\$)

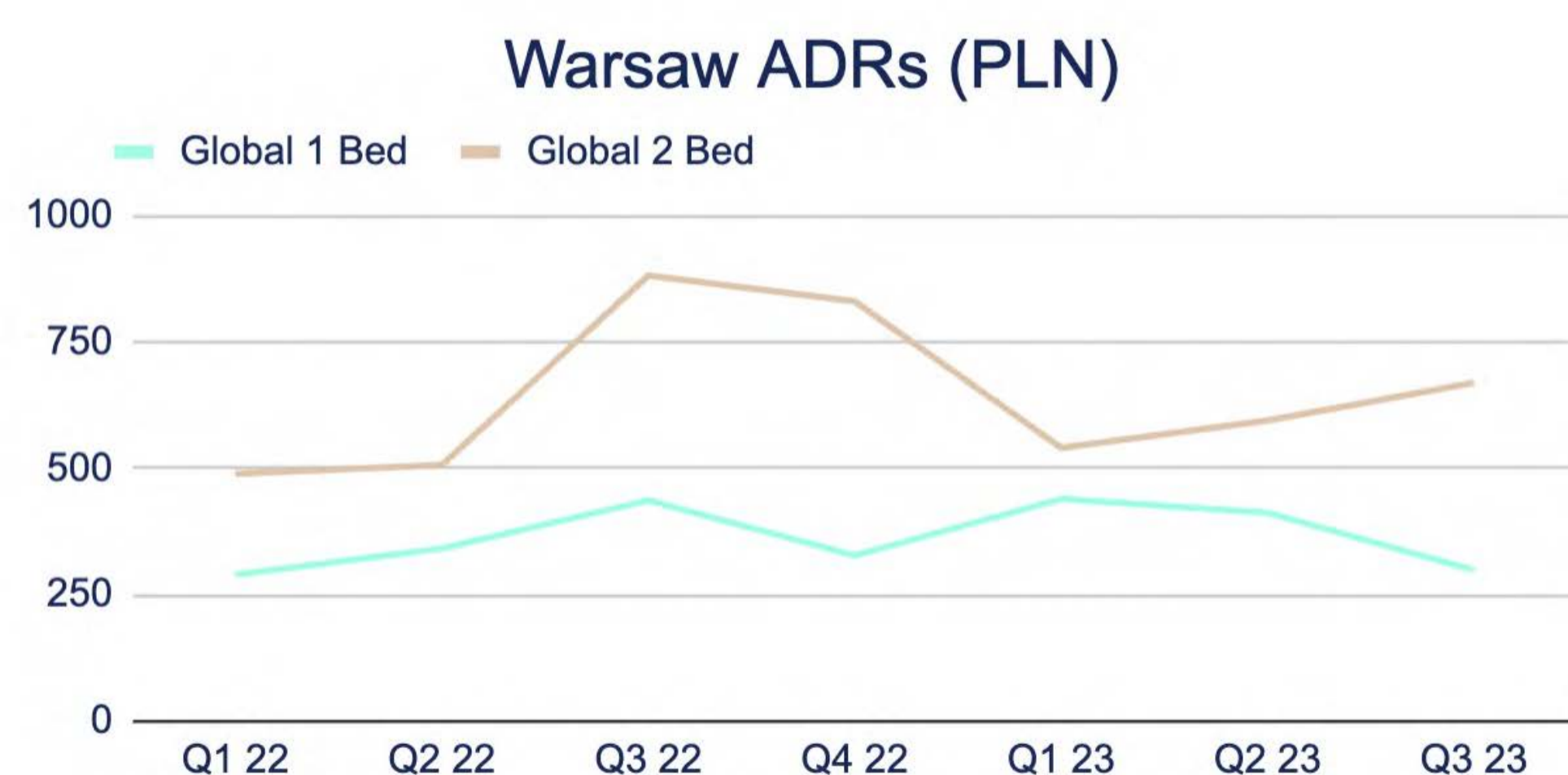


NYC ADRs (\$)

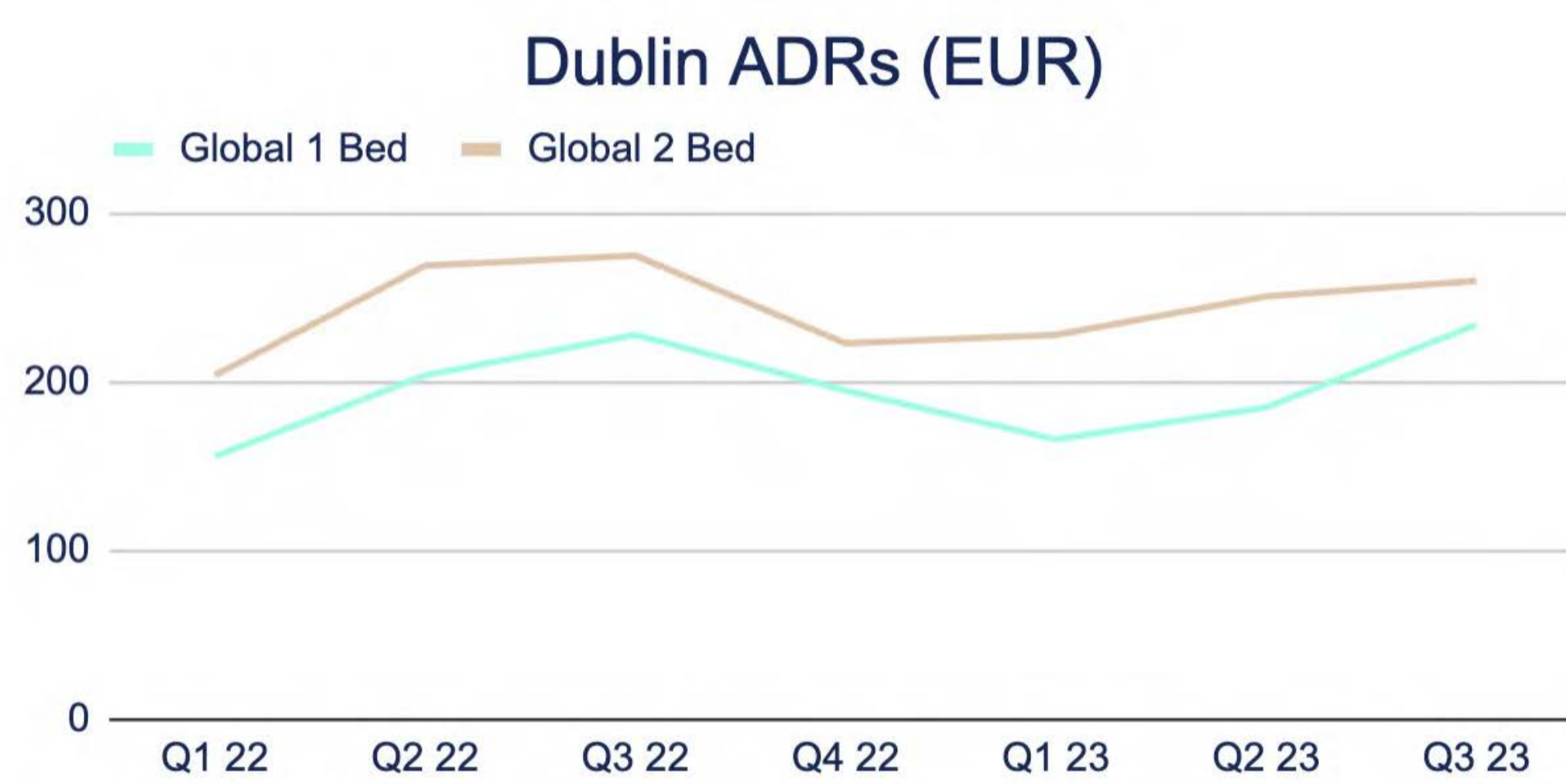
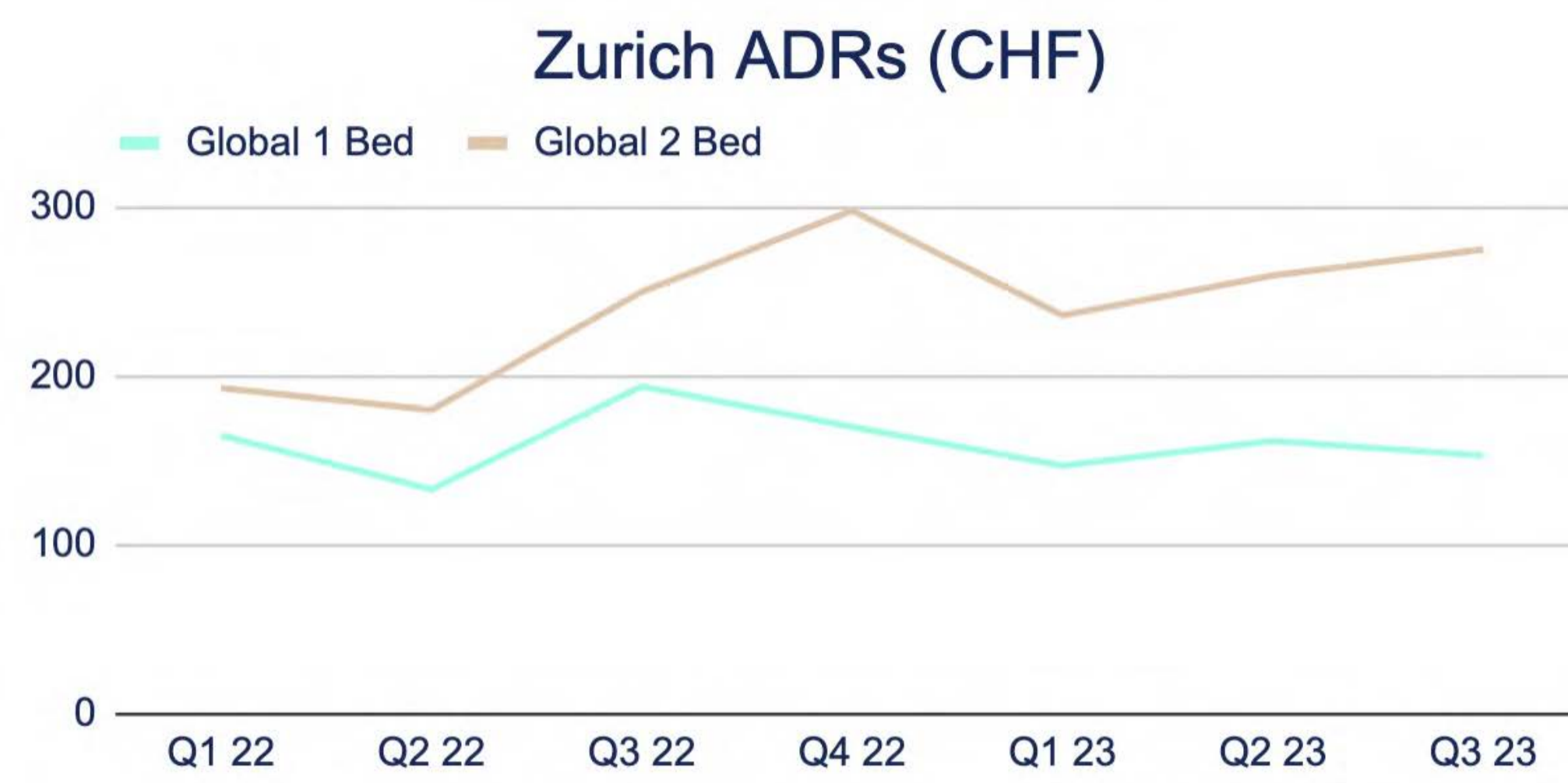
Chicago ADRs (\$)



Warsaw ADRs (PLN)

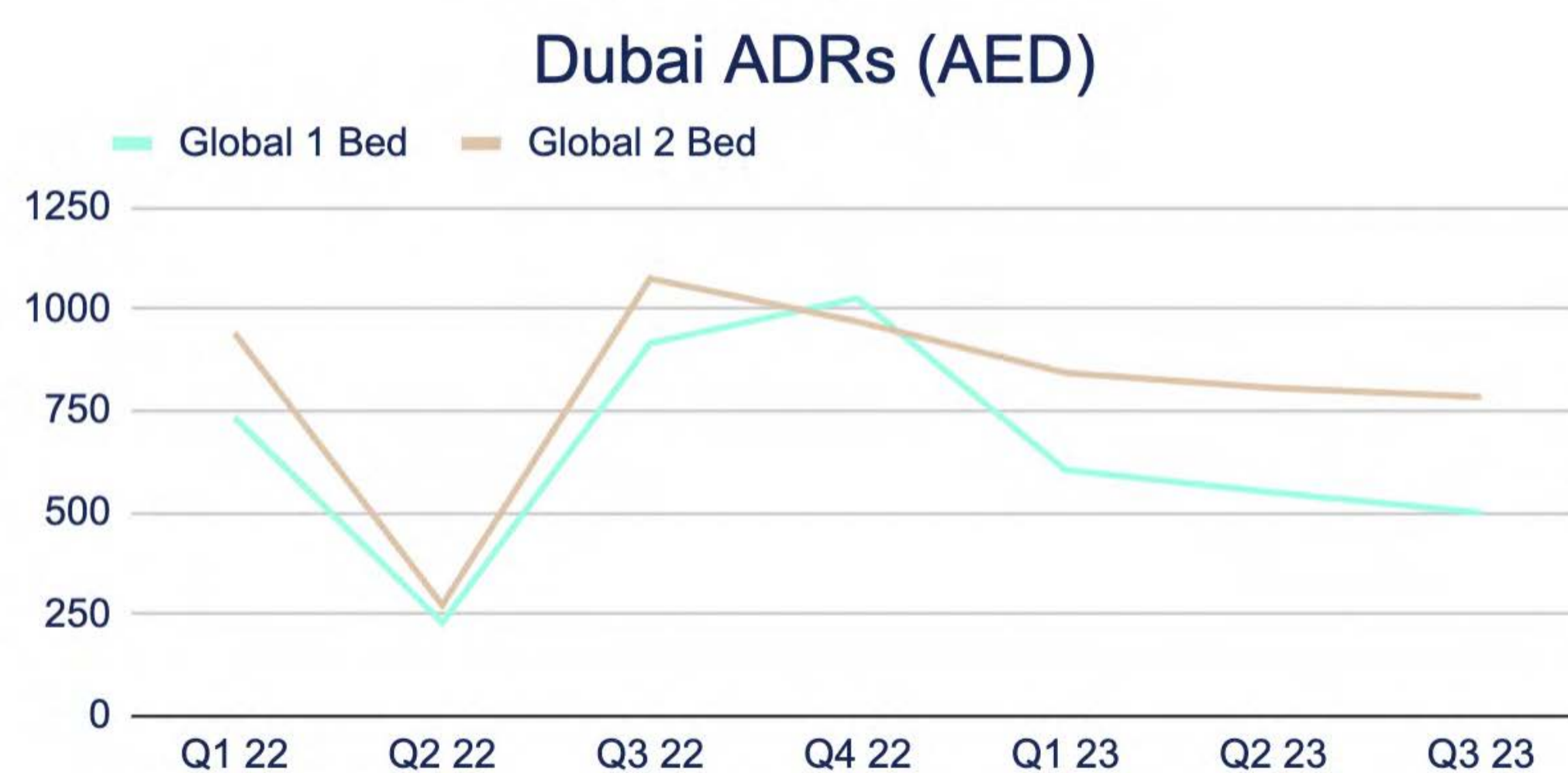
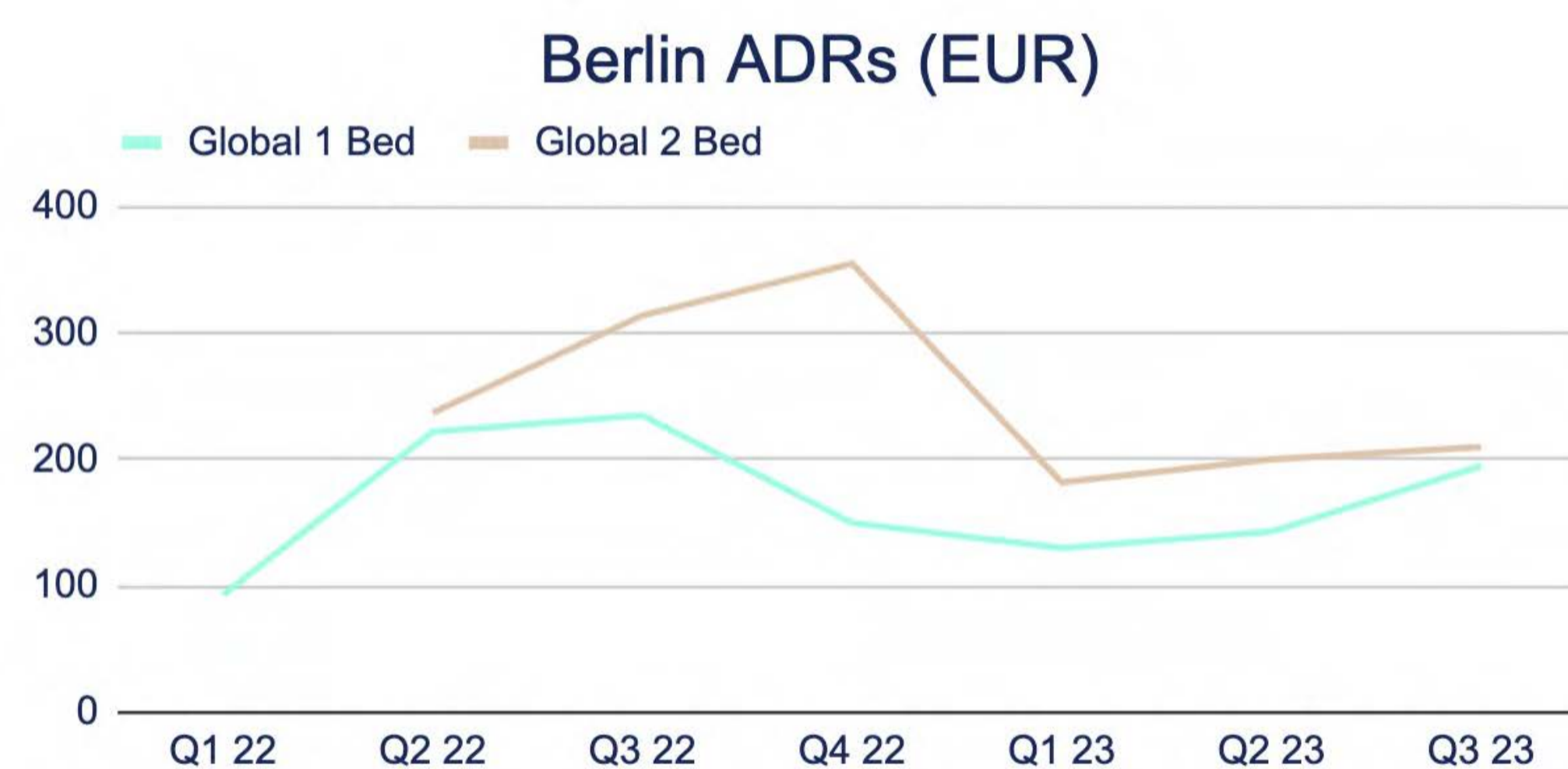


Zurich ADRs (CHF)



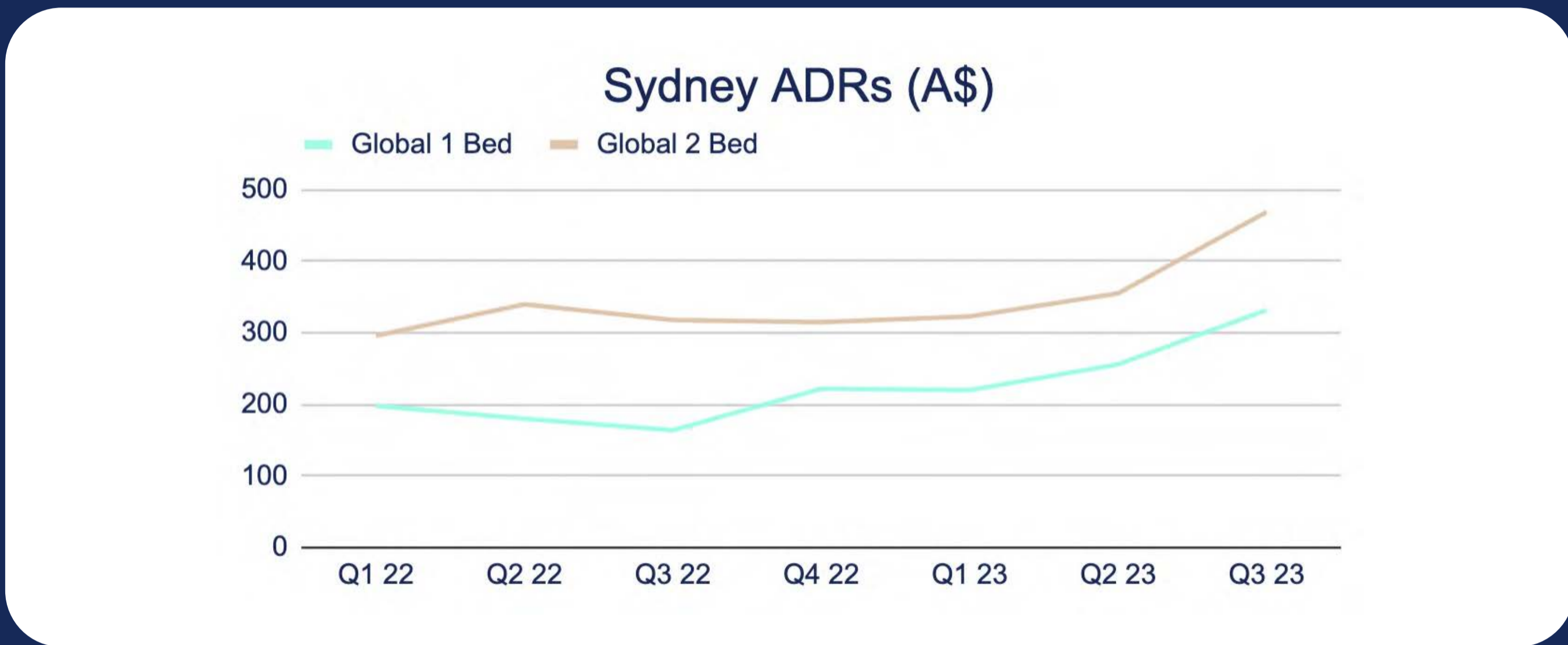
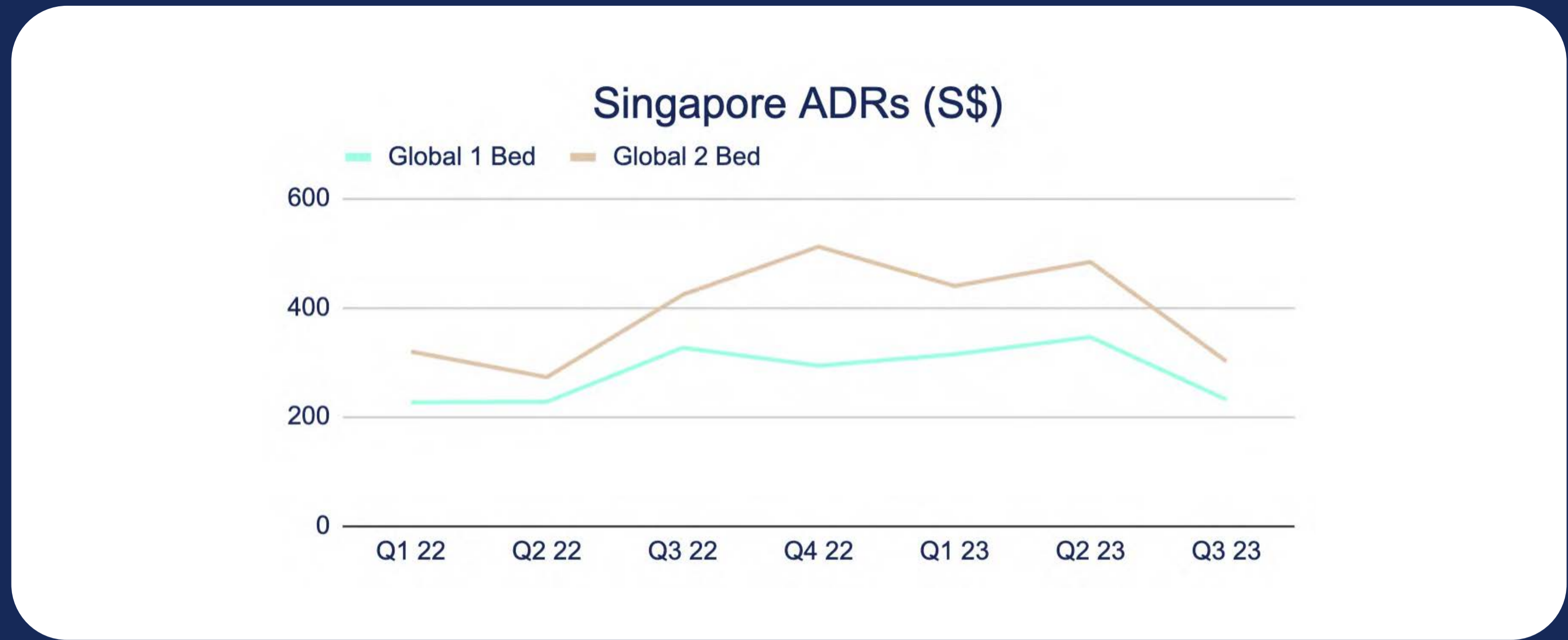
Dublin ADRs (EUR)

Berlin ADRs (EUR)



Dubai ADRs (AED)

Singapore ADRs (S\$)



Sydney ADRs (A\$)





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