

INDUSTRY INSIGHT



Serviced apartments demand on the rise

Occupancy rates averaged 84% in first quarter of this year

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Special to Properties

The Middle East is a global business hub between East and West, and with a quarter of all Fortune 500 companies now present in the region, the demand for serviced apartments is on the rise.

More executives are opting for the experience and luxury offered by serviced apartments. They combine all the comforts of home with the benefits of a five-star hotel. The best are lavish, fully equipped with high-quality kitchens, spacious bedrooms and spa-style bathrooms.

The lucrative return on investment has not been ignored by international brands. In the past, serviced residences in the region were mostly run by local or regional brands. However, in recent months, a number of new serviced apartment projects have been announced by everyone – from IHG to Hilton Worldwide, and new properties are due to come onboard over the next few years. Local real estate developers did not stay far behind, with Damac Properties and Emaar both joining the race. The former recently announced Damac Towers by Paramount, a four-tower hotel and residence project due to open in 2016 in Dubai; Emaar has been adding more and more to The Address portfolio.

The latest Hotstats report on the hotel industry for the Middle East shows that occupancy rates in the first quarter of 2013 stood at 83.9%, up from 77.3% in the same period last year. This was supported by the recent Ernst & Young Middle East Hotel Benchmark Survey which reported that overall occupancy rate was 83.6% in Dubai.

The demand for serviced apartments has grown dramatically over the last seven years, fuelled by gradually improving product knowledge, understanding of the benefits of serviced apartments among corporates, and the arrival of major brands into the region. As per the Global Serviced Apartments Industry Report 2013-2014, serviced apartments remain popular among developers and buyers, with supply growing by 6.3% and demand by 10.2%.

And while demand for quality serviced apartments is on the rise, the Dubai real estate market is more than ready to meet the challenge.

The writer is Director, Banke International

Handy Hints

- Most executives now opt for the luxury of serviced apartments
- Demand for serviced apartments fuelled by new players in region
- Local developers have joined the fray by launching similar projects