

THE SERVICED APARTMENT SECTOR IN THE URBAN GLOBAL SOUTH: EVIDENCE FROM JOHANNESBURG, SOUTH AFRICA

Desire GREENBERG

University of Johannesburg, Department of Geography, Environmental
Management and Energy Studies, South Africa, e-mail: dgreenberg@uj.ac.za

Jayne M. ROGERSON*

University of Johannesburg, School of Tourism and Hospitality,
College of Business and Economics, South Africa, e-mail: jayner@uj.ac.za

Citation: Greenberg, D. & Rogerson, J.M. (2019). THE SERVICED APARTMENT SECTOR IN THE URBAN GLOBAL SOUTH: EVIDENCE FROM JOHANNESBURG, SOUTH AFRICA. *GeoJournal of Tourism and Geosites*, 26(3), 916–929. <https://doi.org/10.30892/gtg.26319-407>

Abstract: The lodging sector is the focus of a substantial body of academic literature contributed from a range of disciplinary perspectives albeit mainly by hospitality management and tourism scholars. One form of lodging that has been somewhat neglected is the serviced apartment sector. This research investigates the development and characteristics of the serviced apartment sector in the urban global South with evidence drawn from Johannesburg, South Africa. The study analyses global industry reports, conducted an internet-mediated audit of serviced apartments in South Africa and qualitative interviews with key property developers and other stakeholders in the Johannesburg serviced apartment sector. It is revealed that the character of this emerging lodging form in South Africa exhibits certain parallels with the global North. Serviced apartments cater mainly for business travellers and in particular visiting professionals on short-term contract work assignments, a significant element of the changing nature of international business travel.

Key words: urban tourism, accommodation services, serviced apartments, global South; South Africa, Johannesburg

* * * * *

INTRODUCTION

Lodging is defined as temporary accommodation and can be offered across the range of different forms of establishment (Brooker & Joppe, 2014; Roberts & Shea, 2017; Manning et al., 2018; Martin et al., 2018; Shi et al., 2019). Arguably, the commercial lodging sector is now one of the world's largest industries (Timothy & Teye, 2009; Manning et al., 2018). Furthermore, as observed recently, it "plays a crucial role in the daily life of people, particularly for travellers to stay in a chosen destination"

* Corresponding author

(Köseoglu et al., 2019: 2). This said, an equally significant (if not always recognised) component of lodging is that which is non-commercial in character and occurring in people's homes usually in terms of the hosting of visits from friends or relatives (Rogerson, 2018a; Rogerson & Rogerson, 2019). The historical growth of the commercial lodging or accommodation services sector must be understood as an accompaniment to, as well as necessary foundation for, tourism development (Timothy & Teye, 2009; Rogerson & Rogerson, 2018). For tourism destinations the making and consolidation of an accommodation infrastructure is one of the prerequisites for initiating tourism expansion as well as for the building of destination competitiveness (Magombo et al., 2017; Mazilu et al., 2017). Within the specific context of destinations in the global South the evolution of an appropriate network of lodging offerings is viewed as essential for the long-term scaling-up of the contribution of tourism to national economies (Christie et al., 2013). The significance of the lodging sector for promoting tourism development in sub-Saharan Africa is stressed by Novelli (2015). Limitations in the quality and range of accommodation infrastructure can be a significant constraint to the fulfilment of the 'African dream' for tourism to be a driver for continental economic growth and livelihoods improvement (Christie et al., 2013; Novelli, 2015; Magombo et al., 2017).

The lodging sector as a whole has catalysed a substantial body of academic literature which has been contributed from a range of disciplinary perspectives but mainly by hospitality management and tourism scholars (Timothy & Teye, 2009; Morrison, 2018; Köseoglu et al., 2019). The former group, who contribute the largest share of writings about the lodging economy, focus research attention on a suite of business management issues. Among these are examination of topics such as service innovation, human resource management, reservation and information systems, customer satisfaction, service expectations, marketing, housekeeping, catering and budgeting (Timothy & Teye, 2009; Rogerson, 2013a; Edghiem & Mouzoughi, 2018; Morrison, 2018; Shi et al., 2019). Emergent themes of work include the transformative impact of the Fourth Industrial Revolution on the hospitality sector (Gursoy et al., 2019). Using network analysis Köseoglu et al. (2019) provide an overview of international trends around the production of research between 1990-2016 concerning the knowledge domain of lodging. The findings of this application of advanced bibliometric analysis of literature highlight that the largest share of studies around lodging relate to questions of strategic management, marketing, resource management and revenue management (Köseoglu et al., 2019: 17). In addition, this research shows the underdevelopment of investigations around the tourism-lodging nexus. Furthermore it demonstrates that whereas the bulk of scholarship concentrates on hotels, including of lifestyle hotels, there has been a notable recent burst of writings around newer forms of lodging (Manning et al., 2018). Among these are of home-based accommodation in many developing countries (Kontogeorgopoulos et al., 2015; Mura, 2015; Sood et al., 2017; Walter et al., 2018) as well as the global boom of the accommodation sharing economy (Guttentag, 2015; Guttentag & Smith, 2017; Visser et al., 2017; Guttentag et al., 2018).

From a tourism perspective the amount of writings about the lodging sector is far less than the literature coming out of a hospitality management perspective (Rogerson, 2013a). This said, the growth and role of particular forms of lodging within tourism economies or destinations is starting to build academic interest. Over the past 15 years there has consolidated a body of tourism related research around different types of lodging service. In this regard it must be understood that the commercial lodging economy is diverse and segmented (Timothy & Teye, 2009). It encompasses accommodation types such as hotels, guest houses, resorts, boarding houses, backpacker lodges, camping grounds, caravan parks, safari lodges, timeshare, bed and breakfasts,

cruise ships, and Airbnb forms of accommodation. Over recent years these multiple forms of lodging have generated a stream of tourism-focussed contributions albeit with the largest amount of international scholarship discussing hotels (Köseoglu et al., 2019: 17). In the context of the global South a burst of relevant research investigations – mainly produced by tourism geographers – has appeared for South Africa in terms of investigations about time-share, backpacker hostels, second homes, safari lodges, bed and breakfast establishments, Airbnb as well as the country's hotel economy (Rogerson, 2010, 2011; Pandey & Rogerson, 2013; Rogerson, 2013b, 2013c, 2013d; Rogerson et al., 2013; Hay & Visser, 2014; Pandey & Rogerson, 2014; Rogerson, 2014; Visser et al., 2017; Idahosa, 2018; Rogerson, 2018b; Rogerson & Rogerson, 2019).

It is against this backdrop that the objective in this paper is to examine one particular kind of lodging establishment that so far has attracted meagre attention from researchers both in the environments of the global North and the global South (Poon, 2005; Greenberg & Rogerson, 2015, 2018). The focus is upon the emergence and characteristics of the serviced apartment sector as a new form of accommodation phenomenon within the global lodging economy. For some analysts the serviced apartment is considered by as a cross between the standard apartment and the conventional hotel (Kinuthia, 2016). Henderson & Smith (2012: 349) view serviced apartments as “a distinctive type of tourism accommodation with a range of providers” and one that “is increasing in diversity, popularity, and commercial importance in much of the world”. The international record is that the serviced apartments sector traditionally caters for particular forms of business travellers, often those on long-term assignments, which is a significant component of the changing nature of international business travel (Beaverstock et al., 2009; The Apartment Service, 2013, 2018).

This paper investigates the development and particular characteristics of the serviced apartment sector in the global South with evidence drawn from Johannesburg, South Africa. Two sections of discussion follow. The first provides a global overview of the serviced apartments sector, its characteristics and evolution. The second section turns to the empirical case of South Africa and specifically the serviced apartment market of Johannesburg, the city which has emerged as the country's prime business tourism destination (Rogerson & Rogerson, 2014, 2015; Rogerson, 2015a, 2019). In terms of research sources and methods the study combines for section one a literature search with analysis of global industry reports (The Apartment Service, 2013, 2015, 2018). For section two an internet-mediated audit of serviced apartments in South Africa is used along with a set of qualitative interviews which were undertaken with key property developers and other stakeholders in the Johannesburg serviced apartment sector. For ethical reasons only the work positions of the interviewees are revealed.

GLOBAL TRENDS IN THE SERVICED APARTMENT SECTOR

As discussed above, a serviced apartment represents an alternative form of accommodation to the conventional hotel (The Apartment Service, 2013). The definition of a serviced apartment, however, varies from country to country (Vanichvatana, 2006; The Apartment Service, 2015; Arvidsson, 2015). Indeed, both academic researchers as well as industry players acknowledge that there is no standard definition of a serviced apartment and terms such as the European ‘aparthotel’ and ‘corporate housing’ are often included (Poon, 2005; The Apartment Service, 2016). Serviced apartments can be utilised for either short or long-term stays; extended stays are generally more popular due to more favourable rates (The Apartment Service, 2013).

There is a general consensus that “serviced apartments provide short-term self-contained accommodation which consists of ‘a small kitchen or kitchenette (fully

equipped) with a living room in addition to the bedroom(s)” (Foxley, 2001: 80). For Poon (2005: 2) a serviced apartment is “fully furnished, short-term, self-contained accommodation, and to provide additional services: usually a small kitchen is included”. The attraction of this form of lodging is because of the comforts and privacy of a homely environment whilst at the same time offering the services and facilities of a hotel (Geieregger & Oehmichen, 2008; Arvidsson, 2015). This form of accommodation mostly is self-contained, offers larger living spaces, with a number of various additional services available to the traveller, dependant on the standard of serviced apartment accommodation which is on the market (Foxley, 2001; Geieregger & Oehmichen, 2008). For Deepeka and Narayanan (2018: 760) features of the contemporary serviced apartments encompass “single or double bedroom facility, studio unit with all required amenities like kitchenettes, refrigerators, microwave ovens, Internet, gym, party areas and conference rooms, including housekeeping facilities”. The provision of high levels of comfort – a ‘home away from home’ - for business professionals or other visitors is the prime consideration in the development of these properties (Greenberg & Rogerson, 2015).

Historically the serviced apartment concept originated during the 1960s in the United States to function as an alternative form of commercial lodging to full service hotels for mainly business travellers. Subsequently, this new sector of accommodation services has expanded in popularity on a global scale (Foxley, 2001; Geieregger & Oehmichen, 2008; Hong & Zhenzhen, 2013; The Apartment Service, 2013, 2015, 2016, 2018). A key driver for the global expansion of the serviced apartment sector is the growth of the practice of multinational corporations for the international assignment of employees. This form of corporate mobility is an element of globalization and represents a specific form of business travel (Beaverstock et al., 2009). Among others the work of Beaverstock (1996, 2005) documents the emergence of internal labour markets within large international enterprises (engaged in for example financial services) and the appearance of a class of transient professionals who often are involved in overseas assignments. The projections of recent surveys about global mobility trends among corporates suggests a trend towards the continued increase in such international assignments, including into emerging markets of the global South (The Apartment Service, 2018: 11). Short term business travel is another critical foundation and source market for serviced apartments globally; estimates for 2015 were that an amount of \$1.25 trillion was spent worldwide for corporate travel (including for accommodation services). As Hermelin (2012: 62) states business travel represents “a major component in the ‘space of flows’ of the global economy’ as it brings a constant and substantial flow of people from distant places for shorter or longer stays”. Another contributory factor to the international spread of the serviced apartment sector is its increasing popularity also with certain categories of leisure travellers as well as other forms of urban tourist including MICE travellers, medical tourists, and even for small numbers of those tourists visiting friends and relatives (Henderson & Smith, 2012; The Apartment Service, 2013, 2015; Hirsh, 2015; Deepeka & Narayanan, 2018; The Apartment Service, 2018). Finally, as Arvidsson (2015) points out, the occupancy rates for serviced apartments in many parts of the world are higher than those recorded for the category of traditional full service hotels.

As a result of varying definitions of serviced apartments and in particular because of the inclusion of corporate housing as part of the sector, it becomes difficult to map out precisely the ownership, operators and spatial patterns of the international serviced apartment sector. The best available data is from the industry sources and reports produced by The Apartment Service. These disclose that over the past decade the supply of serviced apartments at the global scale has recorded considerable expansion as well as geographical spread (The Apartment Service, 2013, 2018). According to industry sources,

as of January 2018 there was a total of 1 022 984 serviced apartments which operated across 1 364 different (mainly) urban locations. The tempo of expansion is evident from comparison with data for 2016/2017 which shows an increase of 19% in units and 18.8% in terms of the geographic spread of locations of serviced apartments (The Apartment Service, 2018: 14). At the international scale the geography of serviced apartments is massively dominated by the traditional markets of North America and Europe. This said, rapid growth is recorded for many parts of Asia, in particular Southeast Asia (Henderson & Smith, 2012) and in major business centres of China (Bao'er & Chengqiang, 2004; Hong & Zhenzhen, 2013; The Apartment Service, 2016). Indeed, several growing Asian business hubs such as Bangkok, Beijing, Chennai, Shanghai, Kuala Lumpur, Hong Kong and Shenzhen are some of the emerging growth poles in the spatial supply of serviced apartments (Poon, 2005, Vanichvatana, 2006; Phadungyat, 2008; Deepeka & Narayanan, 2018; The Apartment Service, 2018).

Table 1. Global Brands by Locations and Units 2018/2019
(Data source: Adapted from The Apartment Service, 2018)

Global Brand	Locations	Units
Marriott (Worldwide)	1 160	134 311
Hilton (Worldwide)	631	69 871
Extended Stay Hotels (USA)	629	69 400
The Ascott Ltd (Worldwide) including Quest Apartment Hotels	512	70 337
Intercontinental Hotel Group (Worldwide)	619	61 863
Choice Hotels (USA)	362	39 860
Accor Hotels (Worldwide)	221	24 046
Pierre & Vacances (Europe)	257	22 252
Mantra Group	127	20 100
In Town Suites	209	15 700
Frasers Hospitality (Worldwide)	74	12 607
Hyatt House	88	12 567
Studio6	120	11 496
Hawthorn Suites	108	10 613

In terms of the overall global supply of serviced apartments Tables 1 and 2 reveal the dominance of a number of leading multinational hotel chains. It is evident that major international hotel chains such as Marriott, Hilton, Accor and Intercontinental are key actors in the serviced apartment sector. The Marriott group is the most geographically spread in terms of its operations of serviced apartments followed by Hilton, Extended Stay and Intercontinental (Table 1). The list of leading operators in terms of inventory includes also a number of enterprises which are particularly specialised in the segment of serviced apartments. The most notable is the Singapore-based The Ascott Group which has been a major driver of serviced apartment growth in Pacific Asia and recently has risen in global rankings because of its acquisition of Quert, a brand which is strong in Australasia (The Apartment Service, 2018). Table 2 indicates also the several different brands that are operated by the key major enterprises who function in the serviced apartment sector. In terms of the most significant global brands these include Accor, The Ascott Group, Extended Stay, Frasers Hospitality, Intercontinental Hotels, Marriott, Choice Hotels and Pierre et Vacances. Taken together this group of eight global brands is responsible for over 40 percent of the international inventory of serviced apartments.

It is observed that within the global geography of serviced apartments the most underdeveloped region is Africa. For Africa as a whole the most recent audit data provided by The Apartment Service (2018) records a total of 9 477 apartments spread

across 166 locations. It is thus that Africa represents only 1 percent of the current global supply for serviced apartments. A significant share of the total for Africa is represented by North Africa (with Cairo and Marrakech seen as ‘hotspots’) leaving sub-Saharan Africa presently the least represented region for serviced apartments. Behind this slow growth of serviced apartments has been the limited demand for extended stay accommodation linked to the small flow of transient professionals there on assignments as compared to other regions of the world. In addition, relative to the maturity of business tourism in Europe, North America or Asia, in Africa the activity of business tourism is still expanding albeit much smaller in volume than in countries of the global North (Rogerson, 2015b).

Table 2. Global Serviced Operators by Brand 2018/2019
(Data source: Adapted from The Apartment Service, 2018)

Global Brand		Locations	Units
Accor Hotels	Adagio	102	12 000
	Mercure/Grand Mercure	58	6 049
	The Sebel	28	1 893
	Suite Novotel	33	4 104
	Total	221	24 046
The Ascott Ltd	Ascott The Residence	57	11 087
	Citadines	124	20 170
	Somerset	88	16 554
	Other Serviced Residences	44	7 114
	Tujia Somerset	15	2 687
	Quest Apartment Hotels	180	11 974
	Lyf	4	751
	Total	512	70 337
	Extended Stay	Extended Stay America/Canada	629
Frasers Hospitality	Fraser Residence	14	1 792
	Fraser Suites	30	4 968
	Fraser Place	15	2 596
	Modena Residence	6	1 385
	Capri	9	1 866
	Total	74	12 607
Intercontinental	Candlewood Suites	374	35 251
	Staybridge Suites	245	26 612
	Total	619	61 863
Marriott	Marriott Executive Apartments	27	3 851
	Residence Inn	780	95 160
	Towne Place Suites	353	35 300
	Total	1 160	134 311
Pierre et Vacances	Pierre & Vacances	226	20 020
	Maeva	31	2 232
	Total	257	22 252
Choice Hotels	Mainstay Suites	58	4 309
	Suburban	69	7 314
	Woodspring Suites	235	28 237
	Total	362	39 860
Global Providers Total			434 676

Table 3 records the principal individual operators of serviced apartments in sub-Saharan Africa. It is observed that in 2016 the major global players in the serviced apartment sector were not represented in the market of sub-Saharan Africa. Indeed, the

leading enterprises by 2016 were a number of South African based enterprises with their operations mostly in that country. Across most of sub-Saharan Africa the supply of serviced apartments is thus restricted to largely unbranded or locally operated independent properties (The Apartment Service, 2016).

Table 3. Major Operators in Sub-Saharan Africa 2016/2017
(Data source: Adapted from The Apartment Service, 2016)

Operators	Locations	Apartments
Southern Sun	4	610
Courtyard Apartments – South Africa	6	451
Executive Apartments and Hotels (Sandton South Africa)	6	253
Village and Life	6	221
Three Cities Group – Bantry Bay & Nelson Rhodes Place – Cape Town	2	125
Belaire Suites - Durban	1	124
Relais Hotels	4	116
TOTAL	29	1 900

The African landscape of serviced apartments is beginning to alter. This shift is the result of a combination of factors, including improvement in the economies of several countries in sub-Saharan Africa, the concomitant rise of business travel and a rise in the share of international assignees, in particular to regional business hubs such as Lagos and Nairobi. Tichaawa (2017) records for Cameroon the appearance of serviced apartments in the country's leading business hubs. Industry sources reveal that plans have been announced by major global serviced apartment brands to expand their operations into Africa (Ueberroth & Rai, 2018). The Marriott has opened its first Marriott Executive Suites in Addis Ababa (Ethiopia) and is planning to launch an additional 12 properties across the region by 2020 (Kinuthia, 2016).

Other leading enterprises also are potentially going to make an African footprint. It is reported that Residence Inn is looking to open operations in both Accra (Ghana) and Lagos (Nigeria). In addition, Frasers, The Ascott Ltd and Adagio are targeting the market for serviced apartments in sub-Saharan Africa (The Apartment Service, 2016: 53). Beyond a growth in branding a particular trend observed in sub-Saharan Africa is for the construction of serviced apartments as part of mixed-use property development projects (Kinuthia, 2016). In addition, in the case of Kenya (at least), it is recorded that sectional ownership of such properties is on the rise (The Apartment Service, 2018).

SERVICED APARTMENTS IN SOUTH AFRICA: THE JOHANNESBURG RECORD

The growth and character of the serviced apartment sector in Johannesburg must be understood in relation to the nature of the city's tourism economy and most importantly its role as business capital for South Africa and beyond for the wider region of Southern Africa. Two subsections of material are provided in terms of (1) an examination of the structure of Johannesburg's tourism economy; and (2) the organization and dynamics of the city's serviced apartment sector.

The Tourism Economy of Johannesburg

In common with major urban tourism destinations globally Johannesburg's tourism economy involves a mix of travellers for purposes of leisure, business, health and visiting friends and relatives. Drawing upon the local level tourism base of IHS Global Insight Table 4 provides a profile of the current (2018) state of Johannesburg's tourism economy. Table 4 captures major aspects of the contemporary tourism economy of City of Johannesburg. It discloses several important findings. First, that in

terms of total trips and total bednights Johannesburg is South Africa’s most visited tourist destination with the largest share of tourism trips represented by domestic travellers. Second, in respect of reasons for visit the results on Table 4 reveals that the city is a multi-purpose destination which would be typical of any major metropolitan centre.

Table 4. Johannesburg’s Tourism Economy: Key Indicators (Data source: Unpublished HIS Global Insight data base; Note: Data is based upon 2016 City Administration boundaries)

Indicator	Finding (2018)	Observation
Total trips	4 276 211	The metropolitan area is South Africa’s most important destination in terms of total trips.
Source of Trips	Domestic: 2 850 356 International: 1 425 855	Domestic trips account for two-thirds of total trips
Total Bednights	25.0 million	Johannesburg is South Africa’s most important destination in terms of tourist bednights
Purpose of Visit (number of trips)	Leisure: 861 575 Business: 569 201 VFR: 2 520 301 Other: 325 134	In terms of trips by purpose of travel the largest is accounted for by VFR travel (58.9 percent). Leisure travel accounts for 20.1 percent of total trips and business 13.3 percent of total trips
Tourism contribution to local GDP	5.7 percent	The share of tourism to local GDP in Johannesburg is less than that recorded for South Africa as a whole (6.1 percent).

Table 5. Business Tourism Destinations of South Africa, 2018 (Data source: Unpublished IHS Global Insight data. Note: Data is based upon 2016 City Administration boundaries)

Location	Number of Business Trips	% of National Share
SOUTH AFRICA	3 967 870	100.0
Johannesburg	569 201	14.3
Tshwane	334 573	8.4
Cape Town	311 933	7.9
Polokwane	208 953	5.3
Ethekwini	197 148	5.0
Ekurhuleni	176 792	4.5
Mangaung	147 283	3.6

In details the findings reveal that visiting friends and relatives (VFR) is by far the most important purpose for a tourist trip to Johannesburg and accounts for nearly 60 percent of all visits. It should be understood that the vast majority of VFR travel into Johannesburg occurs in unpaid non-commercial forms of accommodation with visitors staying with friends and relatives. The commercial accommodation services economy of Johannesburg is therefore reliant essentially upon the market provided by flows of tourists to the city for leisure, business or other (mainly health and religion) purposes (Rogerson, 2018a). Finally, in terms of the overall contribution of tourism to the city’s economy Table 4 shows that whilst the tourism sector makes an important contribution to the city’s economy its share is less than the estimated share of tourism to national GDP. As is shown elsewhere Johannesburg has a diversified economic base which is dominated overall by the sectors of financial and business services (Rogerson & Rogerson, 2015). Although tourism places a vital role in Johannesburg’s economy – particularly as a labour absorptive sector – in relation to job creation in the city the city cannot be characterised as having a tourism-led economy (Rogerson & Rogerson, 2017).

It has been shown that Johannesburg assumes a significant function in the global hierarchy of cities, most especially as a hub for the regional command and decision-

making headquarters of many large corporations (Rogerson & Rogerson, 2015). The city of Johannesburg functions as South Africa's commercial and financial core with the greatest concentration in the country of headquarter offices of major companies and correspondingly for the largest cluster of business services enterprises.

This means that as is shown on Table 5 Johannesburg continues to be by far South Africa's leading destination in terms of recorded business trips with 14.3 percent share of total trips. Johannesburg is a major destination for both formal and informal sector business travellers, the latter including a cohort of international cross-border shoppers (Rogerson & Rogerson, 2014; Rogerson, 2018).

Across sub-Saharan Africa as a whole, the two countries of Kenya and South Africa are the focal points for the reception of most assignees deployed to African operations of international companies and thus function as the most mature destinations for serviced apartments (The Apartment Service, 2018). In South Africa the serviced apartments sector has grown particularly since the nation's 1994 democratic transition. It has strengthened alongside other forms of accommodation services which operate as alternatives to traditional full-service hotels. A national audit conducted in 2015 revealed a total of 197 serviced apartment complexes, most of which are privately-owned (Greenberg & Rogerson, 2015). This total encompasses both a number of properties which are full dedicated serviced apartments as well as other 'hybrid' complexes which include permanent residential accommodation as well as commercial serviced apartments. This South African trend for hybrid developments of service apartments aligns with trends noted in many Asian cities for the construction of similar hybrid properties (Henderson & Smith, 2012). Within South Africa the two most important cities for the development of serviced apartments are shown to be Johannesburg and Cape Town (Greenberg & Rogerson, 2015, 2018).

Other less significant locations for such serviced apartments are Durban and Pretoria (Ueberroth & Rai, 2018). The discussion in the rest of this section narrows to explore the particular characteristics and workings of the serviced apartment sector in Johannesburg, South Africa's economic pulse. In terms of understanding the growth and activities of serviced apartments it is the city's role in formal business tourism economy of Africa as a whole and for South Africa in particular which is of major concern.

The Organization and Dynamics of Johannesburg's Serviced Apartment Sector

The Sandton area hosts the largest cluster of serviced apartments in Johannesburg as it is the financial core of the contemporary metropolitan area. The Sandton node emerged and prospered as a counter to the economic decline occurring of Johannesburg inner city which until the early 1990s was the financial hub of the South African economy. During the 1990s there occurred the accelerating demise of the CBD of Johannesburg with leading legal, financial and accounting firms, other business service enterprises and most importantly the Johannesburg Stock Exchange exiting the inner-city for the decentralized commercial office node of Sandton.

The Sandton CBD emerged as new financial capital of South Africa and for Southern Africa as a whole because of its cluster of headquarter office and command functions of major corporations – both international and domestic. The Sandton CBD and surrounds with its world class shopping centres and entertainment venues; central location in the metropolitan area, easy access to the Gautrain rapid train system with connections to O.R. Tambo International Airport became an attractive location for people to live and work. In addition, with increased levels of congestion in metropolitan Johannesburg as a whole it became the ideal location for the establishment of the largest cluster of executive service apartments in the city.

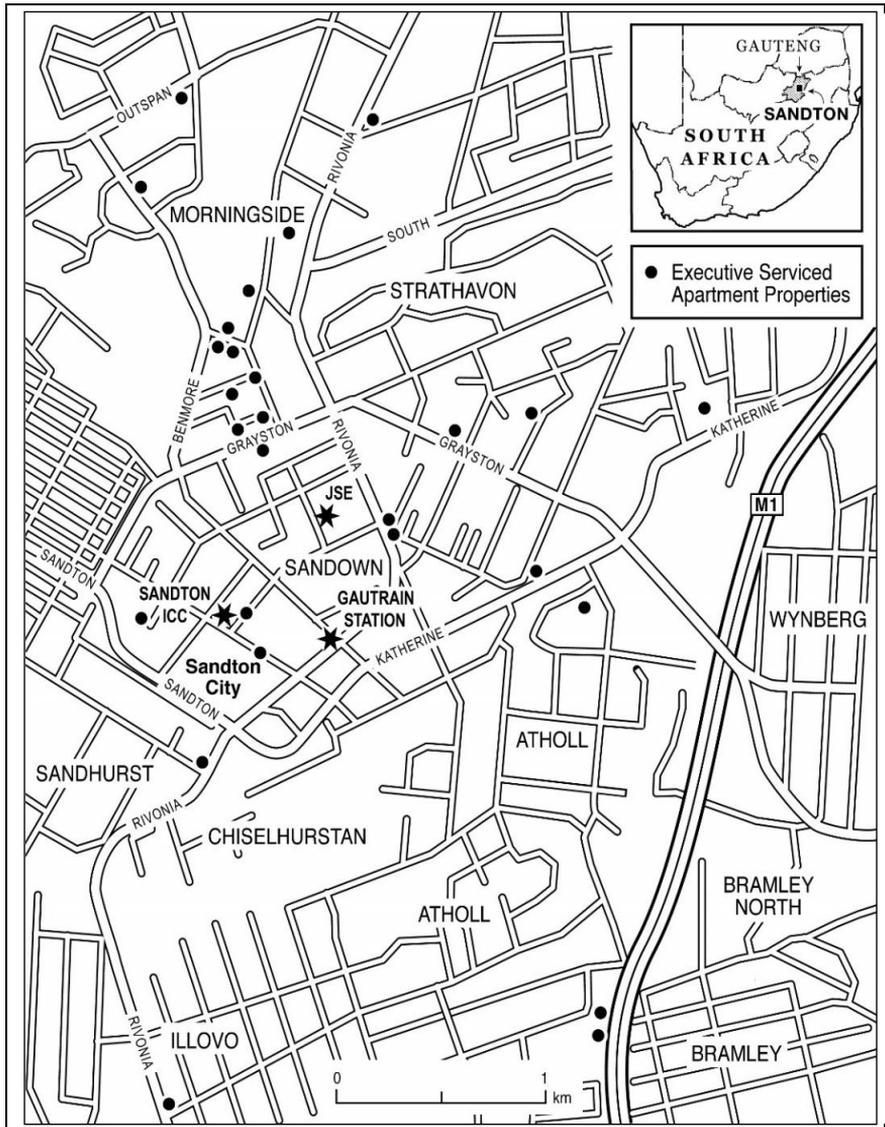


Figure 1. The Geography of Executive Serviced Apartments in Sandton

Figure 1 shows the geographical location of executive serviced apartment complexes in Sandton and reveals their proximity to the Sandton City shopping /entertainment centre, the Sandton International Convention Centre (ICC) and the Gautrain station with direct links to Pretoria, downtown Johannesburg and the international airport. A distinguishing feature of the South African serviced apartment sector is that most properties are in private ownership as opposed to branded properties linked to international hotel chains. In interviews it was revealed that some of the owners have between five and ten properties in the Sandton CBD, with many owning units within the same apartment block. In terms of the supply of such properties investors made property purchases from developers often on an off plan basis with the deliberate intention of renting them out to corporate clients. The market is maturing, however, and

large companies are beginning to penetrate the supply of executive apartments in the area. The Capital Hotel Group is the leading South African hospitality brand catering specifically for the business traveller. It offers a broad range of short, medium, and long-term accommodation to their blue chip and multi-national corporate clients this includes four properties in their Sandton portfolio. The stakeholder interviews revealed that the core market for executive apartments in Sandton is primarily the community of visiting international professionals/consultants who are in Johannesburg for short-term business assignments. The market is driven both by large South African corporates as well as by multinationals with their headquarter offices situated in the Sandton node.

In the view of one corporate rental specialist the concentration of South African corporate head-offices drives the demand for executive serviced apartments: "The big corporates like Sasol and Discovery need to have these available for their guys coming in from overseas" (Interview- Corporate Rental Specialist). With post-1994 South Africa's reintegration into the global economy there has been a substantial upturn in the number of visiting professionals and contract workers and especially of IT professionals. Confidentiality clauses did not always allow the corporates to disclose the nationalities of their visiting professionals. It was revealed, however, from interviews with the rental agents that a major market in Johannesburg (as much as half of the market according to some stakeholders) is for visiting business travellers from other countries in sub-Saharan Africa, in particular Nigeria. In addition to visiting professionals on short-term assignments and African business travellers it was revealed that other markets for serviced apartment complexes in Johannesburg are provided by African visitors to Johannesburg engaged on shopping trips or for purposes of health tourism. One respondent stated that amongst wealthy Africans: "We've had many people coming for pregnancies and ultimately the birth of their babies. It's very popular with guests from Mozambique, Zambia, Tanzania, and Zimbabwe. They arrive a month before the baby is due and stay for a few weeks after" (Interview – Rental Agent).

For their clientele, executive serviced apartments are steadily gaining popularity amongst the financial institutions with their visiting consultants. One financial property specialist explained that the decision by corporates to start using executive serviced apartments over hotel rooms was largely as a cost saving measure: "We compared the cost of renting a four-star hotel room in Sandton to a similar standard corporate apartment.

As a corporate, the hotels offer discounted rates on long-term stays at about R1 200 a night. You can't pay twelve hundred a night for a client who is coming for a month" (Interview- Financial Property Specialist, Sandton). From the perspective of the corporate clients there are multiple advantages of using executive apartments as opposed to the conventional full service hotel: "Before, the poor guy has to sit in a tiny hotel room, eating the same food at the same restaurant every day". The local rental agents made clear that the appeal of executive serviced apartments is linked to cost effectiveness as well as offering a home-like environment. One interviewee stated as follows: "It's definitely cheaper and great value for money. The apartments are fully furnished, with great finishes. They [Visiting professionals] have everything they could ever need.

They want to feel like they are at home and not stuck in a hotel environment" (Interview- Corporate Rental Agent, Sandton). The advantages of privacy and space are the main reasons for their choice of an apartment over a hotel room. A leading rental agent believes that clients prefer apartments as they can cook for themselves although they do occasionally eat out: "Clients like to feel that their space is their own. They can leave their things lying around and not have to worry about hotel staff interfering with their space" (Interview- Corporate Rental Specialist). For visiting professionals the most popular are four star quality graded establishments with visiting professionals. Cost considerations are

reflected in the preference for four as opposed to five star properties. In addition, it was revealed in interviews that whilst the number and frequency of business trips has increased, the overall duration of the business trips has declined in recent years. One relocation agent argued that this is a consequence of increasing budgetary restraints, and that work contracts are shorter as compared to earlier years: “The contractors have to work harder and quicker and get out. I don’t think the corporates can afford to bring these guys out on longer contracts at the moment” (Interview – Financial Property Specialist). In many respects these findings relating to increasing volume but shorter stays are a mirror of the international trends as reported by research produced by The Apartment Service (2018).

CONCLUSION

As the commercial lodging sector is an essential element of competitive tourism economies its changing character, organization and dynamics demands expanded attention from tourism scholars. Although some upturn in scholarship has been noted in recent years it has been mainly concentrated upon the hotel sector and most recently to considerations around the sharing economy. It is argued that serviced apartments are one emerging kind of lodging establishment that so far has attracted meagre attention from researchers both in the contexts of the global North and the global South. In the context of sub-Saharan Africa, South Africa’s leading cities are focal points for their appearance. Johannesburg’s executive self-serviced apartment economy is primarily concentrated in the upmarket decentralized commercial node of Sandton. The market for these properties is variable but arguably is dominated by international visiting professionals on short-term assignments to South Africa. Other clients are African business travellers, shoppers and wealthy Africans using Johannesburg’s excellent medical facilities. Overall, our findings contribute to the small extant body of tourism-focussed writings concerning the lodging sector in general as well as to one neglected niche of accommodation services which is expanding significantly in various parts of the world including major business centres in sub-Saharan Africa (Kinuthia, 2016; The Apartment Service, 2016; Tichaawa, 2017; Greenberg & Rogerson, 2018).

Acknowledgments

Thanks are offered to University of Johannesburg for financial support, to Wendy Job for producing the map and Skye Norfolk for important inputs.

REFERENCES

- Arvidsson, M. (2015). *Serviced Apartments in Sweden: Is There A Growth Opportunity? Stockholm, Sweden: KTH Architecture and the Built Environment, Real Estate Management*. MSc Thesis No. 364.
- Bao'er, Z., As& Chengqiang, Z. (2004). A Study of Current Status of the Development of Shanghai's Hotel-Style-Serviced-Apartments. *Tourism Tribune*, 19, 66-71.
- Beaverstock, J.V. (1996) Migration, Knowledge and Social Interaction: Expatriate Labour Within Investment Banks. *Area*, 28 (4), 459-470.
- Beaverstock, J.V. (2005). Transnational Elites in the City: British Highly-skilled Intercompany Transferees in New York City's Financial District. *Journal of Ethnic and Migration Studies*, 31 (2), 245-268.
- Beaverstock, J.V., Derudder, B., Faulconbridge, J.R., & Witlox, F. (2009). International Business Travel: Some Explorations. *Geografiska Annaler Series B*, 91, 193-202.
- Brooker, E. & Joppe, M. (2014). A Critical Review of Camping Research and Direction for Future Studies. *Journal of Vacation Marketing*, 20 (4), 335-351.
- Christie, I., Fernandes, E., Messerli, H. & Twining-Ward, L. (2013). *Tourism in Africa: Harnessing Tourism for Growth and Improved Livelihoods*. Washington DC: The World Bank.
- Deepika, S.P. & Narayanan, M.K.B. (2018). Strategies Adopted by Serviced Apartments For Customer Attraction and Retention in Emerging Market. *International Journal of Pure and Applied Mathematics*, 118 (20), 759-769.
- Edghiem, F. & Mouzughy, Y. (2018). Knowledge-Advanced Innovative Behaviour: A Hospitality Service Perspective. *International Journal of Contemporary Hospitality Management*, 30 (1), 197-216.

- Foxley, S. (2001). Serviced Apartments in the UK: A Growth Sector? *Journal of Property Investment and Finance*, 19(1), 79–89.
- Geierregger, O., & Oehmichen, A. (2008). A Home for the Modern Nomad: Extended Stay Hotels. *Journal of Retail and Leisure Property*, 7(3), 216–233.
- Greenberg, D. & Rogerson, J.M. (2015). The Serviced Apartment Industry of South Africa: A New Phenomenon in Urban Tourism. *Urban Forum*, 26 (4), 467-482.
- Greenberg, D. & Rogerson, J.M. (2018). Accommodating Business Travellers: The Organisation and Spaces of Serviced Apartments in Cape Town, South Africa. *Bulletin of Geography: Socio-Economic Series*, 42, 83-97.
- Gursoy, D., Chi, O.H., Lu, L. & Nunkoo, R. (2019). Consumers Acceptance of Artificially Intelligent (AI) Device Use in Service Delivery. *International Journal of Information Management*, 49, 157-169.
- Guttentag, D. (2015). Airbnb: Disruptive Innovation and The Rise of an Informal Tourism Accommodation Sector. *Current Issues in Tourism*, 18 (12), 1192-1217.
- Guttentag, D. & Smith, S.L.J. (2017). Assessing Airbnb as a Disruptive Innovation Relative to Hotels: Substitution and Comparative Performance Expectations. *International Journal of Hospitality Management*, 64, 1-10.
- Guttentag, D., Smith, S., Potwarka, L. & Havitz, M. (2018). Why Tourists Choose Airbnb: A Motivation-Based Segmentation Study. *Journal of Travel Research*, 57 (3), 342-359.
- Hay, A. & Visser, G. (2014). Socio-Cultural and Socio-Economic Features of Second Homes in Rosendal, South Africa. *Bulletin of Geography: Socio-Economic Series*, 26, 157-166.
- Henderson, J.C. & Smith, R.A. (2012). Analysis of the Serviced Apartments Sector and Its Prospects in Southeast Asia. *Tourism Review International*, 15, 349–353.
- Hermelin, B. (2012). Global Networks on the Ground. In L. Smas (Ed.), *Hotel Spaces: Urban and Economic Geographical Perspectives on Hotels and Hotel Developments*. Stockholm: Stockholm University, 61-72.
- Hirsh, M. (2015). The Shifting Demographics of the Serviced Apartment Industry in South East Asia. *South East Asia Research*, 23(2), 187-204.
- Hong, S. & Zhenzhen, J. (2013). *SWOT Analysis for Shanghai's Serviced Apartment*. In Proceedings of the 2nd International Conference on Systems Engineering and Modeling (ICSEM-13). Paris: Atlantis Press.
- Idahosa, L. (2018). Environmental Sustainability and Tourism Accommodation in South Africa: The Managers' Perspective. *EuroEconomica*, 37 (2), 259-275.
- Kinuthia, K.J. (2016) *An Assessment of the Growth and the Performance of Serviced Apartments in Kenya: A Case Study of Kilimanjaro Area*. Nairobi: University of Nairobi, MA thesis (Valuation and Property Management).
- Kontogeorgopoulos, N., Churyen, A. & Dunangsaeng, V. (2015). Homestay Tourism and the Commercialization of the Rural Home in Thailand. *Asia Pacific Journal of Tourism Research*, 20 (1), 29-50.
- Köseoglu, M.A., Okumus, F., Putra, E.D., Yildiz, M. & Dogan, I.C. (2019) Conceptual Structure of Lodging-Context Studies: 1990-2016. *Journal of Hospitality & Tourism Research*. DOI.10.1177/1096348018823912.
- Magombo, A., Rogerson, C.M. & Rogerson, J.M. (2017) Accommodation Services for Competitive Tourism in sub-Saharan Africa: Historical Evidence from Malawi. *Bulletin of Geography: Socio-Economic Series*, 36, 73-92.
- Manning, C., de Roos, J., O'Neill J.W., Bloom, B., Agarwal, A. & Roulac, S. (2018). Hotel/Lodging Real Estate Industry Trends and Innovations. *Journal of Real Estate Literature*, 26 (1), 13-41.
- Martin J.C., Roman, C. & Mendoza, C. (2018). Determinants for Sun-and-Beach Self-Catering Accommodation Selection: A Stated Preference Approach. *Tourism Economics*, 24 (3), 319-336.
- Mazilu, M., Rabontu, C. & Marinescu, R. (2017). New Products and Strategies for Sustainable Tourism in Romania. *Journal of Tourism & Hospitality*, 6: 309 doi: 10.4172/2167-0269.1000309
- Morrison, A. (2018). Hospitality Research: Legacies and Futures. *Tourism Management Perspectives*, 25, 189-192.
- Mura, P. (2015). Perceptions of Authenticity in a Malaysian Homestay: A Narrative Analysis. *Tourism Management*, 51, 225-233.
- Novelli, M. (2015). *Tourism and Development in Sub-Saharan Africa*. Abingdon: Routledge.
- Oxford, T. (2019). Capital Hotels: Trailblazing the Apartment. Mail and Guardian (Johannesburg), 12 to 18 April, 5.
- Pandy, W. & Rogerson, C.M. (2013). The Timeshare Industry of Africa: A Study in Tourism Geography. *Bulletin of Geography: Socio-Economic Series*, 21, 97-109.
- Pandy, W. & Rogerson, C.M. (2014). The Making of the South African Timeshare Industry: Spatial Structure and Development Challenges. *Bulletin of Geography: Socio-Economic Series*, 26, 183-201.
- Phadungyat, P. (2008). *Factors Influencing the Selection of Serviced Apartments by Female Business Travellers*. Bangkok: Srinakharinwirot University MA Dissertation.
- Poon, K.P. (2005). *An Empirical Study of the Determinants of Serviced Apartment Rent in Hong Kong*. Hong Kong: University of Hong Kong Dissertation.
- Roberts, C. & Shea, L.J. (2017). A Theory of Lodging: Exploring Hotel Guest Behaviour. *Journal of Hospitality and Tourism Research*, 41, 389-392.
- Rogerson, C.M. (2015a). The Uneven Geography of Business Tourism in South Africa. *South African Geographical Journal*, 97 (2), 183-202.
- Rogerson, C.M. (2015b). Unpacking Business Tourism Mobilities in sub-Saharan Africa. *Current Issues in Tourism*, 18 (1) 44-56.

- Rogerson, C.M. (2018). Informal Sector City Tourism: Cross Border Shoppers in Johannesburg. *GeoJournal of Tourism and Geosites*, 22 (2), 372-387.
- Rogerson, C.M. (2019). Business Tourism Under Apartheid: The Historical Development of South Africa's Conference Industry. *Urbani izziv*, 30 (Supplement), 82-95.
- Rogerson, C.M. & Rogerson, J.M. (2014). Urban Tourism Destinations in South Africa: Divergent Trajectories 2001-2012. *Urbani izziv*, 25 (Supplement), S189-S203.
- Rogerson, C.M. & Rogerson, J.M. (2015). Johannesburg 2030: The Economic Contours of a 'Linking Global City'. *American Behavioural Scientist*, 59, 347-368
- Rogerson, C.M. & Rogerson, J.M. (2018). The Evolution of Hotels in Johannesburg 1890-1948: A Case of Historical Urban Tourism. *GeoJournal of Tourism and Geosites*, 23 (3), 738-747.
- Rogerson, C.M. & Rogerson, J.M. (2019). Tourism and Accommodation Services in South Africa: A Spatial Perspective. In: J. Knight & C.M. Rogerson (eds.), *The Geography of South Africa: Contemporary Changes and New Directions*, Cham: Springer International, 231-220.
- Rogerson, C.M., Hunt, H. & Rogerson, J.M. (2013). Safari Lodges and Local Economic Linkages in South Africa. *Africanus*, 43 (1), 3-17.
- Rogerson, J.M. (2010) The Boutique Hotel Industry in South Africa: Definition, Scope and Organisation. *Urban Forum*, 21, 425-439.
- Rogerson, J.M. (2011). The Limited Services Hotel in South Africa: The Growth of City Lodge. *Urban Forum*, 22, 343-361.
- Rogerson J.M. (2013a). Size Matters in the African Hotel Industry. *African Journal for Physical, Health Education, Recreation and Dance*, 19 (Supplement 2), 217-233.
- Rogerson J.M. (2013b). Reconfiguring South Africa's Hotel Industry 1990-2010: Structure, Segmentation, and Spatial Transformation. *Applied Geography*, 36, 59-68.
- Rogerson, J.M. (2013c). Market Segmentation and the Changing Budget Hotel Industry in South Africa. *Urbani izziv*, 24 (2), 112-123.
- Rogerson, J.M. (2013d). The Economic Geography of South Africa's Hotel Industry 1990 to 2010. *Urban Forum*, 24 (3), 425-446.
- Rogerson, J.M. (2014). Hotel Location in Africa's World Class City: The Case of Johannesburg, South Africa. *Bulletin of Geography: Socio-Economic Series*, 25, 181-196.
- Rogerson, J.M. (2018a). The Geography of Tourist Bednights in South Africa. *GeoJournal of Tourism and Geosites*, 23 (3), 835-847.
- Rogerson, J.M. (2018b). The Early Development of Hotels in Johannesburg ca. 1928-1963. *African Journal of Hospitality Tourism and Leisure*, 7 (4), 1-16.
- Shi, S., Gursoy, D. & Chen, L. (2019) Conceptualizing Home-share Lodging Experience and Its Impact on Destination Image Perception: A Mixed-Methods Approach. *Tourism Management*, 75, 245-256.
- Sood, J., Lynch, P. & Anastasiadou, C. (2017). Community Non-participation in Homestays in Kullu, Himachal Pradesh, India. *Tourism Management*, 60, 332-347.
- Stopforth, H. (2014). Interview, Owner of Ambassador Letting, Pretoria, 25 June.
- Tichaawa, T. (2017). Business Tourism in Africa: The Case of Cameroon. *Tourism Review International*, 21 (2), 181-192.
- Timothy, D. J., & Teye, V. B. (2009). *Tourism and the Lodging Sector*. London: Butterworth-Heinemann.
- Ueberroth, L. & Rai, S. (2018). A Different Model. *Business Traveller Africa*, April, 44.
- Vanichvatana, S. (2006). The Different Amenities Provided in Apartments and Serviced Apartments. *AU Journal of Management*, 4 (1), 53-65.
- Visser, G., Erasmus, I. & Miller, M. (2017). Airbnb: The Emergence of a New Accommodation Type in Cape Town, South Africa. *Tourism Review International*, 21 (2), 151-168.
- Walter, P. Regmi, K.D. & Khanal, P.J. (2018). Host Learning in Community-Based Ecotourism in Nepal: The Case of Sirubari and Ghalegaun Homestays. *Tourism Management Perspectives*, 26, 49-58
- Younes, E. & Kett, R. (2007). Hotel Investment Risk: What Are the Chances? *Journal of Retail and Leisure Property*, 6, 69-78.
- *** The Apartment Service (2013). *The Global Serviced Apartments Industry Report 2013/14*. London: The Apartment Service.
- *** The Apartment Service (2015). *The Global Serviced Apartments Industry Report 2015/16*. London: The Apartment Service.
- *** The Apartment Service (2016). *The Global Serviced Apartments Industry Report 2016/17*. London: The Apartment Service.
- *** The Apartment Service (2018). *The Global Serviced Apartments Industry Report 2018/19*. London: The Apartment Service.

Submitted:
08.06.2019

Revised:
08.09.2019

Accepted and published online
11.10.2019