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EXTENDED-STAY HOTELS

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Extended Stay

In my travels around the capital cities of Africa, it strikes me that, whilst many developers are talking about constructing new 5 star hotels, they seem to be missing an opportunity in the market, and that opportunity is the extended-stay hotel. Many of the cities I visit are absolute naturals for this type of hotel, as I shall explain. But first, an explanation of what an extended-stay hotel is.

Let's imagine you're a seasoned traveller, who is in the habit of making fairly long visits when you leave home – perhaps a week or so at the time. Don't you get fed up with having to rely on the hotel's staff to do everything for you? OK, so increasingly you can make your own tea and coffee in a hotel room, but it would be nice to at least make your own toast for once! To have a proper fridge to store your milk in. And to have more space to relax, or to work, without having to sit on the bed or on an uncomfortable chair.

The extended stay hotel caters to just such demands, offering a fully-equipped kitchen or kitchenette, and large accommodation units, ranging from 40 square metre studios to one and two bedroom apartments, with defined living, sleeping and working areas. The kitchenette includes (at least) a stove top, microwave, full refrigerator and dishwasher, and some brands also include a clothes washer/dryer.

Downstairs, the public facilities tend to be limited, offering breakfast, a chill cabinet for “grab and go” and a mini-market, and a bar. Where there are ample facilities located outside the hotel in close proximity, there may only be a breakfast room. Some operators will rent the studios and apartments only on a long-stay basis, weekly or monthly, others will take short stay guests when they are able.



Cities like Nairobi, Addis Ababa and Accra have several serviced apartment providers, but in almost all cases they tend to be apartment blocks which offer daily cleaning services, rather than the coherent hotel product that brands such as the likes of Adagio, Hyatt House, Residence Inns and Hawthorn Suites offer. Of these only Hawthorn Suites has a property in sub-Saharan Africa, in Abuja, but I know that Accor (Adagio) and Marriott (Residence Inn), as well as Hyatt, are actively looking for opportunities for their brands. Fraser Suites are to manage a new property, also in Abuja, due to open in 2016.

The markets, especially in the big cities are, as I mentioned, absolutely right for this kind of lodging product – expatriates relocating and waiting for permanent accommodation, aid agencies, bodies such as the UN and World Bank, teams of consultants, business travellers making longer than normal trips due to the distance, families on vacation and so on. When you are doing business with government in Africa, oftentimes you have to wait, and wait, and wait for the right person to see you.....

Some investors have been able to see the commercial advantages of extended stay hotels, and it is a product that we recommend to our developer clients when appropriate, particularly in markets which have seen a great deal of hotel development, and/or have a large pipeline of projects. The attractions of the extended stay model are an efficient business unit, with lower operating costs (fewer staff, lower marketing costs etc.), strong demand dynamics, and generally higher occupancies because of the longer average length of stay. That reduces the risk to the investor.

The per-unit cost of an extended stay hotel is lower – there is no need to provide the extensive food and beverage, and other facilities, that full-service hotels offer, reducing the up-front investment required. The focus is on the accommodation units, which is also the focus for the customer. Guests tend to spend more time in their rooms, and therefore need fewer facilities. The lobby and lounge often has a residential feel, so that the guest feels at home. The General Manager is “mine host”, hosting happy hours in the bar, and barbeques on the terrace.

One branded operator here in West Africa is Amara Suites, currently only working in central Lagos, but with plans to expand elsewhere in Nigeria and the region. Amara manages deluxe residential apartments on behalf of their owners. As noted, expect to see the international chains moving into the market with new-build properties, starting with Fraser Suites in Abuja.

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