

The Serviced Apartment Industry of South Africa: A New Phenomenon in Urban Tourism

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Abstract Serviced apartments are a distinctive form of tourism product which have attracted only limited research attention. The objective is to examine the emergence and characteristics of the serviced apartment sector in South Africa as a new phenomenon within the urban tourism economy. The findings show its growth as linked to the expanding trend for business professionals and consultants to work abroad for an extended period of time, a globalisation tendency accelerated in South Africa by the brain drain of skilled professionals. The evidence from this investigation reveals that serviced apartment complexes currently are geographically concentrated in the country's major hubs for international business travel and that, within cities, the location of these facilities is focused mainly in upmarket residential areas which offer high quality living environments and access to business and entertainment nodes.

Keywords Serviced apartments · Business travel · Urban tourism · South Africa

Introduction

For tourism destinations, the making and consolidation of a commercial accommodation infrastructure is one of the prerequisites for initiating tourism expansion and subsequently for the building of destination competitiveness (Timothy and Teye 2009). In particular, within the global South, the development of an accommodation infrastructure is viewed as essential for the long-term scaling-up of the contribution of tourism to national economies. Christie et al. (2013) stress the need for improved accommodation services in Africa as one vital aspect of diversifying the supply of tourism products. The importance of the accommodation sector for promoting tourism development in sub-Saharan Africa is reiterated most recently by Novelli (2015).

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Limitations in the range of accommodation infrastructure can be an actual constraint to fulfilment of the 'African tourism dream' because of lack of differentiation of accommodation products (Novelli 2015). It is argued therefore that for enhancing destination competitiveness, the hospitality sector across Africa must shift from standardised accommodation offerings and instead aim to catch-up with global trends favouring a segmentation of accommodation services and products which are targeted to address different consumer markets and segments.

The hospitality sector of South Africa is the most mature and diversified on the African continent. Early forms of tourism accommodation in the country were restricted to basic inns, simple boarding houses or standard hotels. Over recent decades, however, the range of different types of tourist accommodation offerings has expanded greatly in response to the segmentation of consumer markets. The landscape of tourism accommodation has shifted greatly as accommodation providers reacted to the challenge of segmenting markets as a basic underpinning for enterprise competitiveness and to address shifting consumer tastes. A rapid pace of change in the national accommodation sector is observed more especially with globalisation and South Africa's post-1994 re-entry into the international tourism economy. Segmentation is reflected in the appearance of different kinds of accommodation offerings. For example, it has been shown that the national hotel industry has become increasingly differentiated with the establishment of different hotel products, including full-service hotels, limited service and budget hotels, all-suite hotels, extended stay hotels, airport hotels, luxury hotels and boutique hotels (Rogerson 2010, 2011a, b, 2013a, b, c). Beyond the hotel sector, other alternative types of tourist accommodation have emerged in South Africa. These offerings are part of what Timothy and Teye (2009) refer to as the 'new lodging phenomenon' which is a support for competitive tourism destinations. In urban areas of South Africa, these new forms of commercial accommodation encompass bed and breakfasts, guest lodges, homestays, backpacker hostels, second homes, timeshare and the distinctive township guest house.

Recent scholarship in South African urban tourism has advanced understanding of the shifting frontiers of accommodation services (Rogerson and Visser 2011, 2014; Hoogendoorn and Rogerson 2015). Several investigations have appeared about segmentation in the hotel sector which experienced radical changes in structure and organisation over the past 25 years (Rogerson 2010, 2011a, b, 2013a, b, c, 2014a, b; Ferreira and Boshoff 2014). Other contributions to urban tourism research in South Africa examine the rise, growth and organisational challenges of backpacker hostels, homestays, timeshares, bed and breakfasts and guest houses, including its distinctive township or slum tourism variant (Visser and Van Huyssteen 1997, 1999; Rogerson 2004, 2007, 2013d; Pandy and Rogerson 2013a, b, c, 2014a, b). Outside the cities, the emergence, change and expansion of second homes accommodation have garnered much attention in South African tourism geography scholarship (Hoogendoorn et al. 2005; Hoogendoorn and Visser 2011a, b; Hay and Visser 2014; Visser and Hoogendoorn 2015).

This research aims to extend the literature on segmentation and the urban accommodation sector in South Africa. Specifically, it examines the emergence and characteristics of the serviced apartment sector as a new and distinctive form of accommodation within the urban tourism economy. The international experience is that the serviced apartments sector traditionally caters for business travellers but is becoming

increasingly popular also with the leisure sector as well as other forms of urban tourists (Foxley 2001; Poon 2005; The Apartment Service Worldwide 2013, 2015; Hirsh 2015). In a global context, Henderson and Smith (2012, p. 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’. This said, the serviced apartment sector has attracted minimal international attention from either tourism or property researchers. Indeed, Poon (2005, p. 1) states ‘one of the under-researched sectors in real estate is the serviced apartment sector’. Our discussion of serviced apartments in South Africa is in two parts. The first section reviews the limited international debates and research around serviced apartments. The second section analyses findings relating to South Africa’s emerging serviced apartment sector or, as it is often locally referred to, ‘the executive serviced apartments sector’.

The Serviced Apartment: Definition and International Literature

The available international research on the serviced apartment sector confirms that this form of urban accommodation is rapidly growing in international popularity and extent (Foxley 2001; Poon 2005; Geieregger and Oehmichen 2008; Henderson and Smith 2012; Hirsh 2015). The definition of a serviced apartment varies from country to country, however (The Apartment Service Worldwide 2015). Indeed, several observers acknowledge that there is no ‘standard definition of a serviced apartment’ (Poon 2005, p. 2). This said, there is 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, p. 80). Another observer describes a serviced apartment ‘as fully furnished, short-term, self-contained accommodation, and to provide additional services: usually a small kitchen is included’ (Poon 2005, p.2).

It is accepted that the concept of serviced apartments originated in the USA to serve as an alternative for business and leisure travellers and subsequently expanded into Europe and Asia where the cities of Hong Kong, Bangkok, Beijing and Manila enjoy notable clusters of serviced apartments (Poon 2005; Vanichvatana 2006a, b; Phadungyat 2008). Hong and Zhenzhen (2013) argue that the serviced apartment sector of China appeared first in Shenzhen during the 1980s and diffused later to Shanghai, Beijing and other large cities (see Bao’er and Chengqiang 2004). Geieregger and Oehmichen (2008, p. 217) point out that whilst a hotel and a serviced apartment share the same objective of selling, rooms for a night ‘serviced apartment providers attempt to provide a home away from home, personalised service and larger living spaces’. Most serviced apartments are located within high-rise apartment buildings and have a communal garden or park space; in addition, it is common for such apartments to have a patio or balcony with outdoor seating. Overall, the layout and size of the apartments tend to be larger and more functional than that of a typical hotel room, thus adding to the appeal of this type of lodging (Geieregger and Oehmichen 2008). Although not common, certain amenities, such as found in traditional hotels, also may be available to guests (Henderson and Smith 2012). These could include concierge and valet services as well as recreational facilities such as a gymnasium and swimming pool.

In terms of different forms of mobility, the self-service apartment sector is targeted primarily at those which are production-related rather than consumption related. The category of production-related mobilities includes most importantly business people whose work requires periodic travel for meetings with clients, suppliers or colleagues (Bell and Ward 2000). Among other scholars Beaverstock (1994, 1996, 2005), Beaverstock and Boardwell (2000) and Williams and Hall (2000) highlight the mobilities of the increasing numbers of transient professionals working and living abroad which are important target markets for the serviced apartment sector. Attention is drawn to the growing mobilities of service workers and flexible work arrangements which represent the basis of demand for serviced apartments. Among others, Geieregger and Oehmichen (2008) draw attention to project managers, management consultants, IT consultants and senior management personnel who can be assigned temporarily to a foreign base or different branch for a medium to long-term project. In addition, legal professionals working on court or insurance cases can also require accommodation for a number of weeks. Staff attending training sessions and people providing training courses also require longer-term accommodation alongside a range of other individuals which include film crews, performing artists, musicians or medical professionals.

The nexus of the growing magnitude of business tourism and the expansion of serviced apartments is increasingly evident. Beaverstock et al. (2009) and Beaverstock and Budd (2013) argue that international (and domestic) business travel is now an omnipresent feature of working life for large numbers of people and that many individuals are engaged in undertaking work outside the formal workplace in an irregular pattern which has become, however, an ordinary and normal aspect of their working life. Beaverstock (1994, 1996, 2005) points to the existence of internal labour markets within large organisations which result in the movement and circulation of highly skilled professional and managerial workers between (and within) countries for short-term work assignments. Overall, Beaverstock and Boardwell (2000, p. 278) stress the growth of transient professional migration is ‘an important globalization tendency’ and in particular within advanced producer services. In the case of Aberdeen, Scotland, the market for serviced apartments is driven mainly by the oil and gas companies in the city which require project oriented work of a small number of weeks or for staff to attend specialised training courses (Geieregger and Oehmichen 2008). In the example of Hong Kong Poon (2005, p. 22) stresses, the salience of business travellers in terms of driving demands for serviced apartments and in particular for those individuals ‘who have to spend months in Hong Kong, and those are required to come to Hong Kong frequently and prefer to live in an apartment-like environment rather than staying in hotels all the time’. Across South-East Asia, more broadly, the cost saving initiatives of many multi-national corporations towards using short-term business assignments as opposed to long-term relocations is a vital driver of the growing demand for serviced apartments (Poon 2005). Business demand for serviced apartments includes also people relocating and using temporary accommodation as an interim until long-term private accommodation can be secured.

Beyond business travellers, serviced apartments can also be attractive to leisure travellers for people taking extended breaks or undertaking shopping trips. Leisure travellers, in particular families, are considered to ‘appreciate serviced apartments; good value for money, increased space and the opportunity to “eat in” with their children’ (Geieregger and Oehmichen 2008, p. 222). Henderson and Smith (2012, p.

350) state that serviced apartments ‘can entice family parties on vacation, those desiring the freedom and independence the accommodation brings, and people taking lengthy holidays’. Finally, other markets for serviced apartments can be visiting friends and relatives or medical tourists which are often a strong market for the serviced apartment sector (Geieregger and Oehmichen 2008). Overall, with the advent of changing business practices, efficiency in air travel and the globalisation of industries, there is an increasing need for business professionals and consultants to work abroad for an extended period of time. This coupled with visiting family members, extended leisure breaks and other forms of extended travel, the serviced apartment is seen as a highly desirable form of accommodation and alternative to the full-service hotel (Foxley 2001).

A number of benefits are associated with this form of accommodation, particularly for business tourists (Geieregger and Oehmichen 2008; Phadungyat 2008; Henderson and Smith 2012). First, tenants that stay for extended periods pay significantly less for accommodation in a serviced apartment than a conventional hotel because of the absence of additional costs accrued from room and bar services (Geieregger and Oehmichen 2008; The Apartment Service Worldwide 2015). Second, a serviced apartment provides the business traveller with a stress-free setting; consequently business travellers are more relaxed and productive in this environment as compared to the full-service hotel (Gustafson 2014). Third, the business traveller is able to make use of the fully equipped kitchen and enabled to prepare own meals, can entertain guests as well as hold small business meetings, thereby adding to the relaxed environment (The Apartment Service Worldwide 2013). Finally, guests in self-service apartments can personalise the services they require in terms of Wi-Fi facilities, laundry, cleaning, catering and grocery stocking services (The Apartment Service Worldwide 2013). In an examination of the expansion of quality serviced apartments in Thailand Phadungyat (2008, p. 8) maintains their growth is a consequence of ‘the increasing cross border business investments and trade in the country’. The expansion of the serviced apartment sector both in Europe and Asia is attributed partly also to higher demands which are fuelled by budgetary constraints placed on companies in situations of economic downturn (Poon 2005). Serviced apartments offer various room options which are able to accommodate more than one guest (often from the same company and staying for a similar period of time), therefore making it an economically viable choice. It is suggested that approximately half of major international companies now choose to accommodate senior staff in apartments as opposed to full-service hotels for extended stays (The Apartment Service Worldwide 2013, 2015).

Several scholars argue that the supply of serviced apartments is driven both by large hotel corporations as well as smaller independent operators and individual owners (Henderson and Smith 2012). In the USA and Europe, Geieregger and Oehmichen (2008) advance that global hotel enterprises operate as many brands in the serviced accommodation sector as the classic hotel sector. Among the leading enterprises are Hilton, Marriott, Intercontinental Hotel group, Starwood, Accor and the Singapore-based Ascott group. Within Europe, in addition to global enterprises, a number of smaller European-based suppliers have emerged and developed portfolios of serviced apartments. In Asia, Henderson and Smith (2012) highlight the emergence of both international firms which specialise in serviced apartments (the most notable being Ascott) as well as the expansion of hotel chains. In addition, they draw attention to the

trend across major Asian cities for ‘the favouring of mixed-use projects that amalgamate business and entertainment space with temporary and more permanent accommodation’ (Henderson and Smith 2012, p. 350). In the specific case of Hong Kong, serviced apartments mainly are provided by large local developers and not the large hotel groups (Poon 2005). In Thailand, their development is driven both by organised enterprises in the hospitality industry as well as by local builders and entrepreneurs (Vanichvatana 2006a, b; Phadungyath 2008).

From the perspective of property developers and investors, serviced apartments ‘have come to be perceived as an attractive and profitable investment’ (Henderson and Smith 2012, p. 350). Poon (2005, p. 64) notes that ‘serviced apartment operators are expected to maximise rental revenues through minimising vacancy rates and turnover costs which include new tenant search costs and lost revenues due to the apartment unit being unoccupied’. With increasing competition for tenants, rental concessions often are essential to achieve desired occupancy rates and a common practice is that the longer the period of stay in a serviced apartment, the greater the amount of concessions which are offered by the operator (Poon 2005). Property developers in several Asian cities have converted existing buildings such as B grade office towers and older residential apartment blocks into serviced apartments due to the strong demand for this type of accommodation (Poon 2005). In addition, some mainly three star hotel operators have converted hotel rooms into serviced flats in order to maintain high occupancy rates and lower running costs (Poon 2005). The international record is that whilst most serviced apartments permit a minimum period of stay as short as 1 day, the most common lease ranges from 1 to 24 months. In commercial terms, Younes and Kett (2007) regard serviced apartments as of medium risk regarding start up, operating and obsolescence costs. As compared to full-service hotels, serviced apartments use fewer staff and supporting amenities with resulting set up and operational efficiencies. Henderson and Smith (2012, p. 350) draw attention to the fact that ‘given the configuration of serviced apartments, the business exit strategy is relatively simple as individual apartments may be sold to retail buyers in an approach that is denied hotels’.

The global picture of the serviced apartment sector is sketched by Henderson and Smith (2012). North America is dominant with 74 % of units followed by Europe (10 %), Australasia with just over 7 % and Asia at 7 %. By contrast, the market for serviced apartments in Africa is viewed as small with South Africa the leading focus. Foxley (2001) points out that the serviced apartment sector is now well established in North America and Asia but in the UK is viewed as ‘embryonic’. Within countries, the locations for serviced apartment clusters often are capital cities and major business centres that attract multi-national and large enterprises with their accompanying mobile expatriate and professional populations. At the intra-urban scale, the limited evidence is that serviced apartment tenants prefer locations which offer a good living environment and opportunities for accessibility to work and entertainment. In some cases, this results in serviced apartment units being in residential districts rather than the business districts of cities such as in the case of parts of Hong Kong (Poon 2005). In terms of development sites for serviced apartments, Geieregger and Oehmichen (2008) draw attention to a number of critical locational criteria that would apply at the intra-urban scale. These include the following: proximity to commercial demand generators (corporate offices or business parks), proximity to airports, access to public transport,

proximity to restaurants shopping and nightlife, road access and parking facilities and for those individuals who are relocating on a longer-term basis, access to international schools. Overall, however, it is acknowledged that the service apartment sector is heterogeneous with the product diverse and often dependent on place and visitor profiles (The Apartment Service Worldwide 2013, 2015).

The Serviced Apartment Sector in South Africa

The serviced apartment sector is a new phenomenon in the urban tourism economy of South Africa. In seeking to unpack this emerging niche of accommodation services, two subsets of material are discussed. First, the research methods are outlined. Second, the key findings are analysed concerning the characteristics, patronage and emerging geographies of the sector.

Sources and Methods

The research for this study involved two sets of work. First, a national audit was undertaken of serviced apartments across South Africa. In terms of data collection, it was found that the term 'serviced apartment' is an ill-defined and relatively new concept used within the national hospitality sector. The audit list sought to capture all establishments that marketed themselves as 'executive serviced apartments', 'corporate serviced apartments', 'luxury serviced apartments', 'executive suites', 'luxury suites', 'furnished suites' and 'luxury self-catering apartments'. Accommodation establishments which advertised themselves as 'holiday apartments', 'holiday flats', 'duplexes', 'apartments in estates', 'semi-furnished apartments' or 'apartments in cluster developments' were not included in the database.

The national list was assembled and triangulated by using a range of different sources. Material was gathered from the websites of, *inter alia*, the South African Tourism Grading Council, rental accommodation listings, Booking.com, Sandton accommodation listings, Century City accommodation listings, the V&A Waterfront rentals, SA-Venues, FEDHASA, the Apartment Service Worldwide, Move and Stay.com, City of Johannesburg Sandton Central Management District, Wherestostay.com, trivago.co.za, Rooms for Africa and Sleeping Out. Search engines, including Google and Mozilla Firefox, were applied to track serviced apartments in South Africa's major business centres. In addition, a number of commercial publications relating to past, current and future developments in the accommodation, high density residential sector were investigated. These included *SA Commercial Property News*, *Finance 24*, *Property Week*, *Rode's Report*, and, the *Broll Report*. As many serviced apartments are privately owned, advertising is mostly through rental sites such as Gumtree, Private Property, OLX and property agencies specialising in placing business people and consultants. Local companies specialised in leasing this type of accommodation, such as the Capital Group, often brand and market 'upmarket', 'exclusive' or 'luxury' executive apartments.

The second stage of research involved conducting detailed semi-structured interviews with various industry players involved in the serviced apartment sector. These interviews encompassed the marketing managers of property development companies,

commercial broking enterprises, rental executives of major property companies, property development agents, relocation placement specialists, as well as leasing and marketing agents. In total between June 2014 and June 2015, 20 interviews were conducted with senior personnel and interviews geographically spread in order to reflect the locational findings of the national audit. The largest group of local interviews was conducted in Gauteng (nine interviews) and Western Cape (four interviews). A total of seven interviewees provided data on a national basis. The interviews were structured but ranged over a number of themes including the nature and supply of serviced apartments and demand considerations for such accommodation services

Characteristics, Tourists and Geographies

The investigation yielded for June 2015 a total of 197 serviced apartment complexes including hybrid complexes in South Africa. This total of 197 complexes includes buildings which are fully dedicated as serviced apartments and others (hybrids) which follow the Asian trend for a mixture between permanent residential accommodation and serviced apartments. It is evident that as compared to developments in USA, Europe and Asia, the serviced apartment sector in South Africa is in its infancy with the initial appearance of serviced apartments in the country generally attributed to the post-1994 period. The industry interviewees made clear that in the pre-1994 period, the serviced apartment sector 'was virtually unheard of' (Chevreau 2014). In Cape Town, it was stressed that the first dedicated serviced apartment complex was developed only 2002–2003 (Viola 2014). An important finding is that the majority of serviced apartment units in South Africa are privately owned (Van der Vent 2014). Only recently has there occurred the expansion into the South African market of major hotel groups such as the Marriott which is in 2015 was building a 200 unit executive serviced apartment complex in the mixed-use Melrose Arch precinct of Johannesburg which is due to open in February 2016 (eProp 2015).

To a large extent, the nature of serviced apartments in South Africa parallels the findings observed of their characteristics in other countries (Geieregger and Oehmichen 2008; Henderson and Smith 2012). This said, the size of serviced apartments in South Africa is much larger than is typical in, for example, Asian cities. Although the South African market includes studios and one bedroom apartments, the most popular option is for two-bedroom serviced apartments which provide a relaxed environment for clients and offer the option of the second bedroom to be converted to an office or study (Etchells 2014). The majority of serviced apartments are graded and rated on the same criteria as hotels or self-catering establishments. At the national level, it was revealed that 74 % of serviced apartments are graded with the largest group being classified as either four star (46 %) or five star (22 %) establishments. Length of rentals is variable from 2 weeks to leasing for up to 3 years. Commonly, on extended leases, the client is a large corporate with the intention of accommodating a range of visiting consultants. In common with international practices, discounted rates are offered for longer-term leasing arrangements.

As a consequence of economic downturn, the interviewees revealed that interest is growing in serviced studios or one bedroomed apartments or the use of two-bedroom (or even three-bedroomed units) for shared accommodation among visiting professionals (Reddy 2014). Table 1 shows the most common services and amenities that are

Table 1 Typical services and amenities provided by serviced apartments in South Africa

Services	Amenities
24-h security	Swimming pool
24-h reception	Recreation area with barbeque facilities
Undercover parking	Gym
In room internet	Sauna
Valet services	Spa
Maid service	Restaurants
Laundry service	Business centre
	Conference facilities
	Coffee shop
	Satellite TV
	Gardens

Source: authors based on interviews and internet searches

provided in serviced apartments in South Africa. Over 80 % of the establishments offered a communal swimming pool and secure parking facilities; the majority had 24-h security, satellite television and uncapped Wi-Fi. The five-star graded and higher-end establishments had a 24-h front desk, concierge and valet services, gymnasium and conference facilities on site, together with a number of restaurants and bars. Of the apartments audited, cleaning and laundry services range from 1 day a week to an optional extra at the clients own personal cost, over and above the monthly rental cost. The cleaning and maintenance is usually outsourced by the management company or coordinated directly by the owner. The décor, furnishings and appliances are chosen to appeal to the upmarket clientele and furnishings are usually modern, luxurious and trendy often using interior decorators and designers. Original works of art are not an uncommon feature in many of the five-star upmarket serviced apartments in South Africa.

A number of factors must be noted as contributing to the emergence of a potential market opportunity in South Africa for serviced apartments. First is developments which occurred in local property markets to shift away from a tradition of developers building and owning an apartment block and then subsequently renting out individual units and managing these properties themselves. Following the rise and spiking in property prices, diminishing returns set in on investments and property developers began sectionalising and selling off separate units within complexes. This resulted in the growth of private investment in ownership of apartments with the objective of renting these apartments either to individual corporates or through corporate rental agencies. According to industry interviewees, this development in the property sector essentially represented the birth of the serviced apartment sector in South Africa (Carlin 2014). Second, the post-1994 period witnessed a notable expansion in international as well as domestic business tourism travel for South Africa (Rogerson 2015). An upturn of international business travel was triggered by new inward flows of foreign direct investment into South Africa following the dropping of international sanctions. Many

foreign corporates established or re-established offices and business operations in South Africa with Johannesburg and Cape Town, the most popular locations for foreign investors. These two cities along with Pretoria and Ekurhuleni are the major nodes in the country’s business tourism economy (Rogerson and Rogerson 2014; Rogerson 2015).

Third, with the emigration of skilled professionals, South Africa’s ‘brain drain’ resulted post-1994 in many large international enterprises facing a challenge of skills shortages. These skill shortages, in, for example, producer services, accounting, computers, ICT support/services, and business services, have been addressed through bringing into the country a flow of foreign professionals on a short to medium term contractual basis. The emergence of this ‘globalisation’ trend (cf. Beaverstock 1996) was observed in research which was conducted during the late 1990s. It noted a growth of ‘intra-corporate movements involving a rotation of personnel or exchange programmes’ (Rogerson and Rogerson 2002, p. 83). In terms of the sources of contracted foreign personnel, the most common countries of origin at that time were disclosed to be UK, Germany, USA, Italy and Australia. Additional flows were observed notably from Bulgaria, Czech Republic, Portugal and Russia.

The emerging geographies of serviced apartments in South Africa are mapped on (Figs. 1, 2, 3 and 4). The national audit records serviced apartments as concentrated in only a small number of cities in South Africa (Fig. 1). The

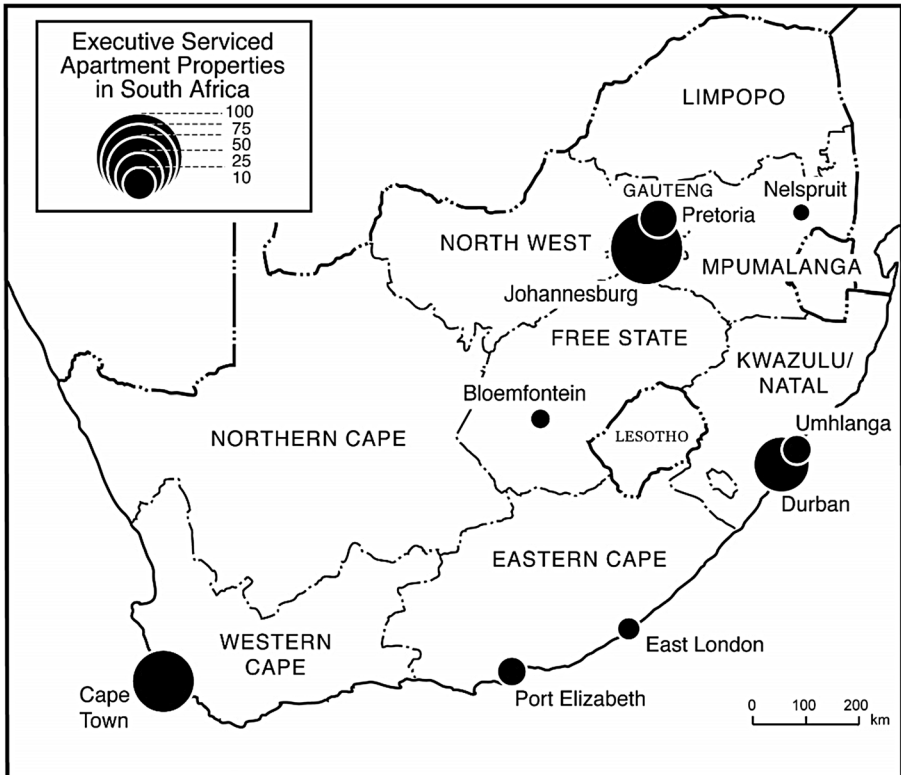


Fig 1 The location of serviced apartment properties in South Africa, 2015. Source: authors

largest cluster is in South Africa’s economic heartland with Johannesburg, the location for 35 % of serviced apartment buildings. The next most important centres are Cape Town (25 %), Durban (19 %) and Pretoria (8 %). Outside these cities, a small number of serviced apartment complexes are located in Ekurhuleni, Umhlanga, Nelspruit, East London, Port Elizabeth and Bloemfontein. At the intra-urban scale of analysis, the findings from Johannesburg and Cape Town reveal the clustering of serviced apartment complexes in upmarket residential areas with access to the major business nodes. In the case of Johannesburg, a major clustering of serviced apartments occurs around Sandton, the city’s financial heart, and within the upmarket suburb of Melrose (Fig. 2). In Cape Town, the favoured locations for serviced apartments are situated in the environs of the Victoria and Alfred Waterfront development, the city centre and around the suburban office node of Century City (Fig. 3). In central Cape Town, the emerging serviced apartment sector is another component of the ongoing transformation of work, residential and leisure spaces by property developers (see Pirie 2007).

These findings from the South African research confirm the locational focus of serviced apartment complexes in areas offering good quality living

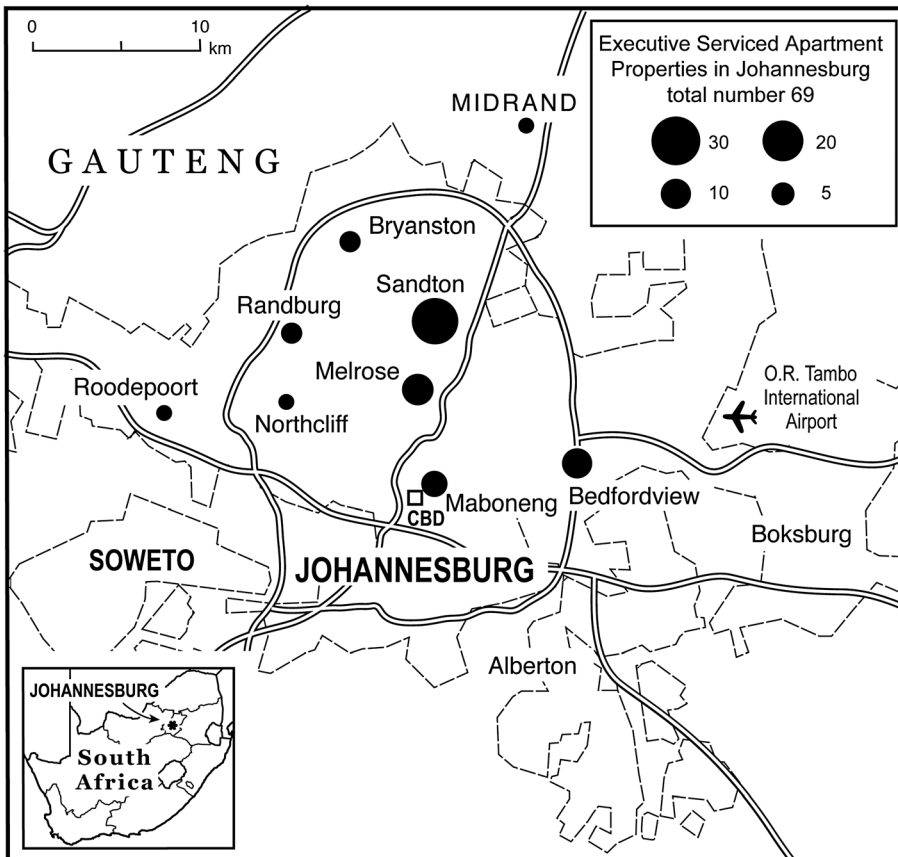


Fig. 2 The major clusters of serviced apartment complexes in Johannesburg. Source: authors

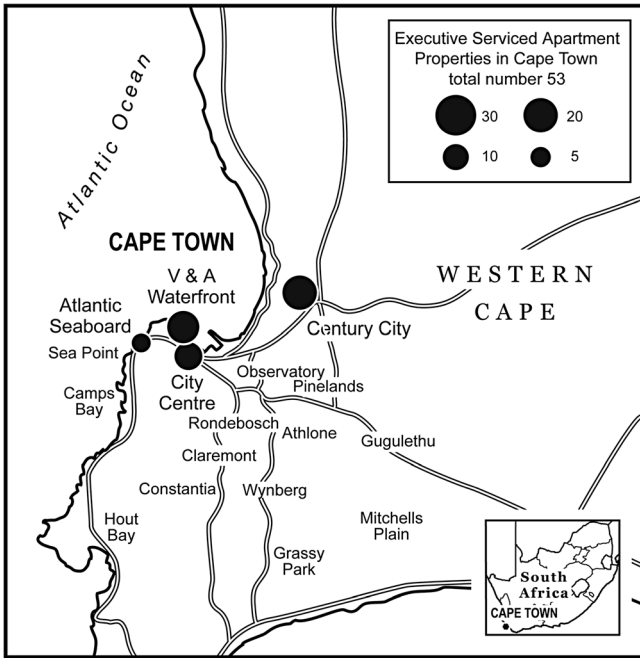


Fig. 3 Cape Town serviced apartments: major clusters of complexes. Source: authors

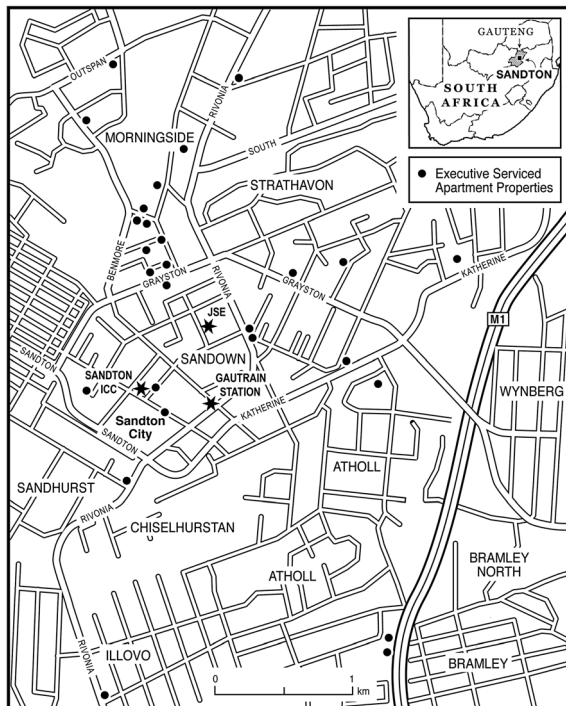


Fig. 4 Sandton Central—the location of serviced apartment complexes. Source: authors

environments and combining accessibility to work and entertainment. In the case of Sandton as shown on Fig. 4, the serviced apartment complexes are in close proximity to the financial services heart of the country, the Johannesburg Stock Exchange and the Sandton City shopping area, the most luxurious shopping-entertainment complex on the continent of Africa.

The industry interviews reveal that the core market for the serviced apartment sector in South Africa is international business travellers including the intra-corporate movements of foreign skilled professionals. Local variations were observed, however, in the business traveller patrons of serviced apartments across different cities. According to Etchells (2014), the visiting business traveller is the primary patron of the serviced apartment sector in Johannesburg with flows of middle to upper management professionals as well as IT specialists associated with financial services being the major leasing clients. Germany, France, Switzerland and Hong Kong were listed as leading sources. In Pretoria, the serviced apartment sector is impacted by the mobilities of diplomatic personnel, government officials as well as a flow of contract workers from Europe linked to large motor-car manufacturers such as BMW and Mercedes-Benz (Stopforth 2014). By contrast, in Cape Town, the serviced apartment sector was described as patronised by a broad spectrum of different business professionals with the only specific specialisations identified those of professionals linked to oil companies or the city's booming film industry (Viola 2014; Visser 2014).

In addition to business tourists, other markets were observed for serviced apartments in South Africa. These included the extended stay of leisure travellers particularly in Durban and Cape Town and shopper-tourists mainly from African countries in Johannesburg. A particularly distinctive market is that of medical tourists principally in the case of Johannesburg (but also observed for Cape Town). It was made clear that the mass of these health tourists are drawn from sub-Saharan Africa and renting serviced apartments in the environs of Sandton, where there are world class medical facilities (Taylor 2014). Crush and Chikanda (2015) emphasise the significance of a South-South movement to urban centres in South Africa by groups of African health tourists seeking basic procedures or medical care that is not offered in their own countries. These health tourists using serviced apartments visit South Africa on extended stays variously for pregnancies, child birth, plastic and reconstructive surgery, ophthalmic procedures and dentistry.

Conclusion

In the international context of tourism research, serviced apartments are viewed by Henderson and Smith (2012, p. 351) as a 'somewhat neglected form of tourist accommodation'. This accommodation product must be understood as a further manifestation of segmentation in tourism accommodation. It is associated mainly with business travellers and in particular with the increasing intra-corporate movement of skilled professionals which generates a demand for alternatives to the full-service hotel. For business and other travellers, serviced apartments can offer cost benefits as well as a potentially more relaxed and productive environment for extended stays. In the global context of the service apartment sector, South Africa is shown as a minor outlier.

Nevertheless, the serviced apartment is an emerging dimension of urban tourism in the country. Its growth is linked to the expanding trend for business professionals and consultants to work abroad for an extended period of time, a globalisation tendency which accelerated in South Africa with the brain drain of skilled professionals. Alongside other forms of extended travel, including for medical purposes, a niche thus emerged for the serviced apartment industry.

The evidence from this investigation reveals that serviced apartment complexes currently are geographically concentrated in the country's major hubs for international business travel and that, within cities, the location of these facilities is focused mainly in upmarket residential areas which offer high quality living environments and access to business and entertainment nodes. On the supply side, as compared to USA, Europe or Asia, the industry in South Africa is immature as it remains dominated by small private owners. Only recently are there signs of interest by international hotel chains to enter this accommodation niche. The characteristic services and amenities offered in serviced apartments in South Africa match and even exceed the quality standards reported for serviced apartments in other parts of the world. Over the next decade, the shifting complexion of the growing service apartment sector in South Africa merits a place on the agenda of urban tourism researchers.

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