

DOW JONES, A NEWS CORP COMPANY

DJIA Futures **25016** 0.05% ▲

S&P 500 F **2802.00** -0.04% ▼

Stoxx 600 **384.00** -0.27% ▼

U.S. 10 Yr **-2/32** Yield **2.837%** ▼

Crude Oil **69.68** -1.87% ▼

# THE WALL STREET JOURNAL.

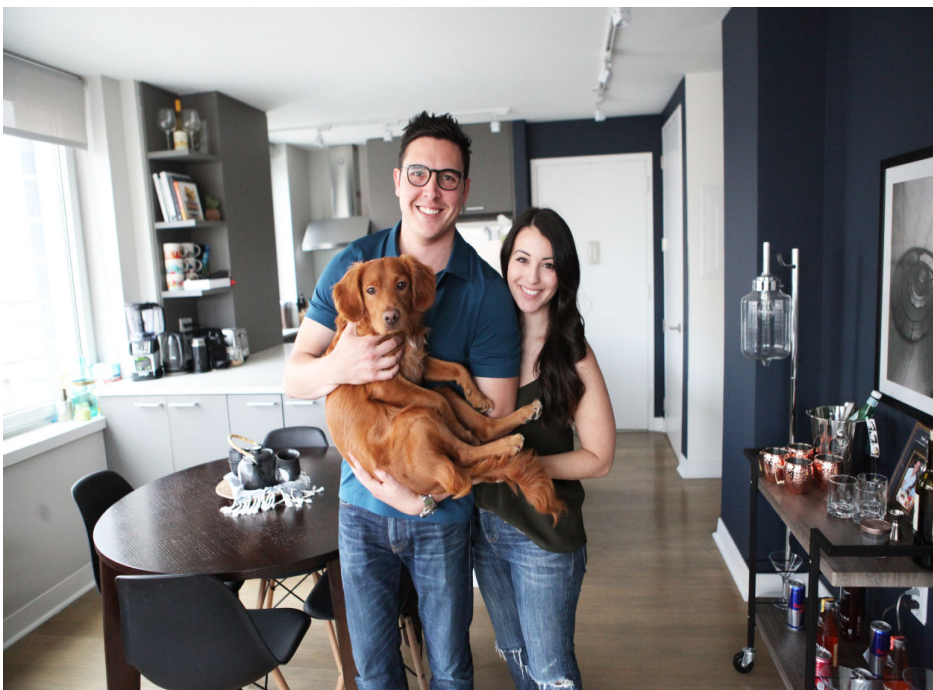
This copy is for your personal, non-commercial use only. To order presentation-ready copies for distribution to your colleagues, clients or customers visit <http://www.djreprints.com>.

<https://www.wsj.com/articles/demand-rises-for-furnished-rental-apartments-1530010800>

MARKETS | PROPERTY REPORT

## Demand Rises for Furnished Rental Apartments

Residents embrace chance to avoid typical housing tasks, like dealing with the cable guy



Visual-effects production manager Devon Patterson with his fiancée, Malia Haunfelner, and dog, Oz, in their long-term, temporary home in Manhattan's East Village. The furnished, one-bedroom apartment rents for about \$6,000 a month, including utilities. PHOTO: KENNETH BACHOR/THE WALL STREET JOURNAL

By *Josh Barbanel*

June 26, 2018 7:00 a.m. ET

Devon Patterson's furnished apartment in a luxury Manhattan building came with mid-20th-century furniture, champagne flutes and a cocktail mixer along with dishes, sheets, towels and cable television.

"I can just enjoy New York and not feel locked in by my furniture, my cable and my internet," said Mr. Patterson, a visual-effects production manager, on a long-term temporary stay in New York for work on a Disney movie.

The furnished-rental housing market has been growing, despite competitive jolts from industry disrupters such as Airbnb and other startups.

Demand has historically been driven primarily by corporations that book stays for employees who are relocating or in town for extended periods.

People also often stay in furnished apartments when they have been displaced from their homes by fires or floods or are undergoing medical treatment.

But there has also been new demand over the past decade from the shift among many Americans from owning homes to renting homes. Some renters don't want to buy furniture for a rental apartment or deal with the cable company, tasks that are typically handled by the corporate rental provider.

Last year, revenue in the corporate-housing market—where apartments are typically leased for at least 30 days—rose 13% to \$3.62 billion, according to the Highland Group, a hotel consulting firm that studied the market for the Corporate Housing Providers Association, a trade group. It was the fifth consecutive year of growth.

The number of available apartments nationwide offered for long-term corporate rentals, typically in more expensive luxury buildings, rose 6.5% to 71,201 last year. The average daily rate was up 7.3% to \$161.

Corporate housing, known as serviced apartments in other parts of the world, is a niche market, where businesses such as National Corporate Housing, based in Denver, and Oakwood Worldwide, based in Los Angeles, rent apartments from landlords and then sublease them after furnishing and wiring them.

Corporate-housing companies typically lease apartments in luxury buildings. By limiting rentals to at least 30 days, they don't run afoul of laws that restrict Airbnb-style short-term rentals in cities such as New York and San Francisco.

These providers often offer lower daily rates and more spacious apartments than extended-stay hotels. Unlike hotels, they also can jettison supply by not renewing leases with landlords, as they did after the 2008 financial crisis hit.

Mary Ann Passi, chief executive of Corporate Housing Providers, said growth in the industry is likely to come from people with a change in "generational lifestyle." Many customers don't want to be bogged down with housing decisions, or spend time organizing a household and paying utility bills, she said.

"We are not only seeing millennials and a younger generation who don't want to own a home somewhere," she said. "Empty-nesters are doing the same thing."

Mark Skinner, a partner at the Highland Group, said that "there is growth in the units that are being marketed to people who want to write only one check."

The furnished-rental market faces competition from vacation-home rentals listed on Airbnb and vacation-rental websites such as VBRO.com. Another startup named Lyric offers short-term and long-term furnished rentals in some cities, by cutting deals for blocks of apartments with big landlords.

There is also competition for corporate furnished apartments from new tech-oriented players such as theblueground.com, which provided Mr. Patterson's furnished, light-filled, one-bedroom apartment for a rent of about \$6,000 a month, including utilities, in Manhattan's East Village. The furnished rent is about 25% more than the same apartment was listed for unfurnished last December, though monthly rates are higher for shorter stays.

Blueground was founded in Athens in 2013, and is active in Dubai and Istanbul as well. It moved into New York last year, and says it now leases 50

apartments a month there. It recently launched operations in San Francisco.

Alex Chatzieftheriou, blueground's CEO, said he spent five years living out of a suitcase in hotels as a consultant for McKinsey & Co., and found it "a bit tiring after a while."

"It is good that everybody knows your name, but the room is small," he said. "Sometimes you also want privacy."

As a result, he said blueground has hired 25 software engineers to "reduce the friction" of temporary housing by offering more transparency—listing the address and unit numbers of all its apartments—and allowing users to lease, pay rent and order services online.

Mr. Patterson put his furniture into storage on the West Coast a few years ago, and then moved to London and then New York to work on his current film project.

He expects to stay in his East Village apartment, with his fiancée, Malia Haunfelner, and dog, Oz, for about 10 months. "The first night I moved in I felt right at home," he said.

*Appeared in the June 27, 2018, print edition as 'Just Turn the Key and Settle In.'*

Copyright &copy;2017 Dow Jones & Company, Inc. All Rights Reserved

This copy is for your personal, non-commercial use only. To order presentation-ready copies for distribution to your colleagues, clients or customers visit <http://www.djreprints.com>.