

Corporate Housing Myths Debunked

Corporate housing always has played a defined role in most corporate relocations.

Smith reveals some of the misconceptions about this destination service.

BY KIMBERLY SMITH

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ith the trend toward lump-sum relocations and unstable and unpredictable real estate markets, corporate housing is emerging as the new “it” solution for exhausted homeowners who cannot sell their home and for wearied travelers who desire accommodations beyond a stark hotel room.

In traditional corporate relocations, a transferred executive would be housed temporarily in a corporate housing rental until his or her home was sold. However, in today’s uncertain real estate market, it is not far-fetched to say that it may take that executive a year or more to sell the home, especially in high-end markets. This process can take a financial and mental toll on both the company and the relocated professional.

But the new face of corporate housing is helping battle-worn homesellers through this process. The corporate housing industry is seeing a slew of individuals convert their homes into corporate housing rentals. They are earning real income on the property and offsetting the financial burden and stress involved with today’s homeselling and relocation processes.

With all these changes in the corporate housing landscape, it never has been more important for relocation professionals to understand the new face of corporate housing. I hope this article will help put to bed any commonly held myths about the industry and enable relocation professionals to become more knowledgeable and strategic corporate housing connoisseurs.

Myth #1: Corporate Housing Is Just an Extended Stay Hotel in Disguise

Corporate housing and extended stay hotels are two vastly different types of accommodations that often are thought to be interchangeable. While both offer short-term, furnished accommodations, it is important to understand that the similarities between the two lodging types end there.

Corporate housing typically offers larger square footage, costs less than hotels, offers full customer service, and is used for stays averaging one month or more (the average corporate housing stay is 81 days, according to the 2008 Highlands Group Corporate Housing report).

While these differences are significant, Paul Bates, president of Corporate Accommodations, Inc., Pittsburgh, PA, says he believes these superficial differences do not really define the true disparities between corporate housing and extended stay hotels. Instead, Bates defines the difference as residential housing versus transient housing. Corporate housing provides complete temporary housing solutions within a stable residential setting unlike extended stay hotels, which are surrounded by an open parking lot and are filled entirely by transient guests.

Understanding these unique and sometimes subtle differences between corporate housing and extended stay hotels can save a company thousands of dollars and provide guests with a more pleasant and positive stay.

Myth #2: A Company Easily Can Do Corporate Housing for Less

As the corporate housing industry evolved in the 1980s, a number of large corporations believed it would be cost effective to purchase and furnish condominiums for their employees' exclusive use. These companies believed that do-it-yourself corporate housing could save thousands of dollars. But the truth is that going it alone actually was much more costly and extremely frustrating. In fact, many companies signed up for way more than they bargained for.

Elaine Quiroz, president of Corporate Housing Strategies, Roanoke, VA, agrees and says that most companies that try to set up their own corporate housing apartments eventually return to working with a corporate housing provider for two reasons, the first of which is that they often do not consider how involved and costly it can be to set up

a new corporate apartment. "They often underestimate the time and money involved in scheduling, paying connection and delivery fees, and the costs for furniture, housewares, telephone, electricity, water, and Internet," says Quiroz.

Second, Quiroz says that these companies also do not take into account the "set-up time involved," such as waiting four hours for the cable company to simply show up or fixing a leaky dishwasher at 2:00 a.m. Plus, it takes many hours to coordinate set up and take down of a property, not to mention cleaning, inspecting, and coordinating transition details with the guest. These additional activities can add up to hundreds of wasted hours, and time is money.

In addition to the time and effort involved in do-it-yourself corporate housing, there also are a lot of hidden costs involved with owning and/or managing a property. Companies must provide an upfront down payment (when purchasing a property) or pay a security deposit (when renting an apartment). They also may have to sign a long lease and pay rent each month regardless of whether there is a guest in the apartment. On top of that, the company must furnish, service, maintain, and insure the property—all very costly and timely endeavors for an organization whose core job function is not property management.

Quiroz says it never occurred to these companies that corporate housing was not a one transaction deal. "It's not like buying a television, where you shop around, make a purchase, walk out of the store, and it's done. When a corporate housing provider arranges your housing, they are the point-of-contact for the guest from start to finish providing move-in

instructions and a host of other questions the guest will inevitably have."

Myth #3: Corporate Housing Is Only for the Business Traveler

Corporate housing often is misunderstood as only a business-to-business product when it actually is a defined element of the overall lodging industry that is used by individuals every day.

In simplistic terms, corporate housing provides short-term furnished housing, offering dozens of reasons everyday people need and use it. In fact, corporate housing is not just about traveling business executives and relocated professionals, but also about the 200,000 annual traveling nurses; 600,000 annual military personnel and their dependents; displaced homeowners because of insurance issues or divorce; professional athletes who get traded from city to city; theater professionals filming a movie or traveling with a show; consultants on a project; employees at training programs, on extended vacations, on extended family visits, or having out of state medical procedures; elected government officials serving outside of their district; personnel involved in special events or large sporting events; traveling professors or graduate students; and many others.

In other words, corporate housing is not just for a relocated or traveling businessperson, but for anyone who wants the space, convenience, and comforts that a home away from home can offer.

Myth #4: All Corporate Housing Companies and Leasing Agents are the Same

While many professionals believe that all corporate housing companies

and leasing agents are the same, the truth is that there are important and unique differences between the three popular types of corporate housing companies. It is critical for relocation professionals to understand these differences when deciding on what kind of company or agent to work with.

First, there are “service companies.” These companies rent apartments, furnish and equip them, then offer the apartments as corporate housing rentals.

Second, there are “apartment companies,” which own or manage large apartment complexes. These companies use some of their inventory as furnished corporate housing units.

Third, there are “management companies,” which are real estate property management companies that manage properties owned and furnished by individual real estate investors. A relocated executive with a family and/or pet probably would appreciate a unique home in a neighborhood setting that is managed by a management company, whereas a company needing to place numerous executives in similar properties may need 20 units all the same and located within an apartment complex.

Once a relocated professional has chosen the right “kind” of company to work with, it is important to understand that each company offers different services and amenities.

Asking the right questions of your corporate housing management company or agent will ensure a more pleasant experience for all. Some important questions to ask include:

Rates. What does the monthly rate include? Are there preferred rates for larger accounts? Are there additional fees? These questions will help a guest enter into a corporate

housing lease agreement more knowledgeable and confident.

Location. Is there a local office or on-site contact should the guest require assistance? If the company does not have a local office, ask how



the company handles client requests and property issues.

Services. What additional services does the corporate housing company provide? For example, is there 24-hour maintenance service or other amenities that will make the stay pleasant?

Accreditation. Is the company a Corporate Housing Providers Association (CHPA) member? CHPA is the trade organization for the corporate housing industry and requires specific levels of professionalism, excellence, customer service, and ethical standards. Ask whether the leasing agents are Certified Corporate Housing Professionals (CCHP). The CCHP certification means that the corporate housing professional has met clear industry standards. These accreditations will enable a relocation manager to distinguish a quality corporate housing agent from the pack.

Experience. What percentage of the corporate housing company’s business is involved in corporate relocations? Finding an experienced provider can be a bonus in this changing marketplace.

Protection. How are the company and its vendors insured? This is espe-

cially important to find out when working with management companies that manage properties offered by individual homeowners.

Policies. What is the company’s policy when a guest does not like the property? Does it have other options available to accommodate that guest?

Because not all corporate housing management companies and agents are the same, it is of the utmost importance to ask as many questions as you can think of each and every time. The experienced and quality companies will be able to address all your questions and concerns with ease.

The Times They Are a Changin’

Corporate housing has come a long way in the past three decades and continues to evolve into a popular lodging solution for travelers of all walks of life. Change tends to breed misconceptions, so it has never been more important for relocation professionals to stay apprised and knowledgeable about the corporate housing industry. And even though the corporate housing industry has and likely will continue to change, relocation professionals can count on one thing staying the same: corporate housing always has and will continue to provide short-term furnished housing to individuals and business executives who need a place to call home, even if only for a short while. ■

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