



**Universität
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Thesis

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Master of Advanced Studies in Real Estate

Serviced-living and density

Their impact on the rental market in the city of Zurich

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List of abbreviations

BFS	Schweizer Bundesamt für Statistik (Federal statistical office)
CHF/p.a.	Swiss Francs per annum
CHF/p.mo.	Swiss Francs per month
CS	Credit Suisse
EU	European Union
FPRE	Fahrländer Partner Raumentwicklung
HVS	Hospitality Valuation Services
SIA	The Swiss Society of Engineers and Architects
U.S.	United States of America

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Executive Summary

Living concepts within the urban context are constantly changing as they reflect the social, cultural and economic conditions of their time. Additionally, cities today are facing the need for higher density due to the rapid increase of their population. These factors raise the question of how living could evolve in the future, in order to meet the transforming needs and expectations of tenants and investors.

Serviced living is an innovative concept, based on the idea of outsourcing housework and sharing infrastructure. Europe is the second most influential market after the U.S. as regards serviced apartments globally. Switzerland, and its economic driving force, the metropolitan region of Zurich, is also subject to these trends. This thesis will therefore investigate whether and to what extent this sector has an impact on the rental market of Zurich as well. In addition to that, the density of serviced apartments will be examined in order to determine if this living typology could increase the density of the residential sector within the city of Zurich.

Previous research demonstrated that, although there is an increase in the single-person households in Switzerland, there are not enough standard one- and two-bedroom apartments to satisfy the rising demand. The Swiss serviced apartment sector on the other hand, offers mainly one- and two-bedroom apartments, which is exactly what the standard apartment rental market is running short of.

Zurich is an ideal area for the serviced apartment sector, with many successful businesses and high income earners that would potentially be able to pay more rent in exchange for tailored-made services and amenities. The empirical study developed in the context of this thesis, confirms that, although serviced apartments offer less space than the standard apartments, they cost two to three times more in price, depending on the service packages they offer. In order to better investigate the impact of serviced living, the data has been structured according to five main criteria: price, type of contract flexibility, service packages offered and target groups. Based thereupon, the thesis proposes a comparison of three serviced apartment accommodation: the classic serviced apartments, the serviced apart-hotels, and the exclusive serviced residences.

The empirical study also showed that although serviced apartments are still a growing sector, they are an attractive investment concept and begin to have an impact on the rental market in the city of Zurich. They offer contract flexibility and individual choice of services according to the personal needs and lifestyle of the would-be tenants. Except for the long term contracts similar to standard apartments, they also offer mobility, offering a temporary “home away from home”, or a short-term accommodation in a location that suits the tenant best. Furthermore, they could be seen as a living typology with an impact on density, as they offer less living space than the standard apartments, resulting in a higher density within the building area, while accommodating a higher number of tenants.

1. Introduction

The following thesis is structured in five parts. After the introduction in the first part, the fundamentals of serviced apartments will be processed and presented. The central element of this section is the existing rental market situation in Europe, Switzerland and Zurich. The empirical research on the subject, the exact methodology and results will be presented in the third and fourth part. Evaluation of the impact of serviced apartments in the rental market of Zurich, as well as further recommendations will be discussed in the fifth part of the thesis.

1.1 Problem definition

Living has a thousand faces and it evolves constantly. Not only is it one of the elementary human needs, but it also reflects the social and cultural conditions of a human being, as well as values, lifestyles and individual wishes. Furthermore, the way of living defines and reflects on a society. Except for this constant changing process resulting from the change of needs, there is also the worldwide pressure for higher density in urban areas. In 2050, almost two thirds of the population will be living in urban areas, a rapid increase in contrast to 1950 where this percentage was limited to one third of the population (UN Department of public information DESA, 2018, p. 1) . In this context, the trend of serviced living will be examined as a form of micro-living and household outsourcing, closely related with urban densification. This is a trend affecting mostly cities due to the pressure of people living in smaller spaces and the constant appearance of new lifestyles and forms of living (Breit & Detlef, 2018, p. 9).

Specifically, serviced living in the city of Zurich has various locations, providers, apartment sizes, prices, service typologies and target groups. As a result, this thesis looks into the following questions: “*How does serviced living impacts the rental market of Zurich?*” and on a further step, “*What is the impact of serviced living on density?*“

Hypothesis will be used to help answer the above questions. Investigating how serviced apartments differ from standard apartments in price and size, how services affect rental prices and how dense serviced apartments are will help into answering the two main research questions.

1.2 Research objectives

Serviced apartments are also commonly known as business apartments and are perceived to be a short-term accommodation for expats and businessmen. Through a

careful analysis of this concept of living one could realize, that the principles of this typology of living could appeal to a broader variety of target groups within the urban context.

This thesis will firstly analyse the concept of service apartments, categorize their characteristics and identify patterns within the different service apartments in Zurich.

Secondly, will define different serviced accommodation typologies and their target groups. These groups and their lifestyle choices have an impact on the services being offered to them.

Thirdly, this thesis will investigate how concept of household outsourcing could potentially be considered as a way to accomplish higher density within Zurich. It will examine how smaller serviced apartments are structured as well as how many people they accommodate in contrast to standard apartments.

Using the procedures described above, this study aims to answer the following hypothesis:

Hypothesis I: There is a positive correlation between services and rent price.

Hypothesis II: There is a difference between the square meter area of a serviced apartment and the area of a standard apartment of the same number of rooms.

Hypothesis III: There is a negative correlation between density and apartment size.

Adhering to the results of the analysis and the comparison between serviced apartments and standard apartments, the goal of this thesis is to determine if serviced apartments have an impact on the rental market in the city of Zurich and if this is proved, in what way and to what extent. Additionally, to examine if density of serviced living could contribute to increase Zurich's occupancy density.

Subsequently, recommendations will be made on how serviced apartments could become a common living typology within the urban context and how their principals could be applied in order to achieve higher density within the city.

1.3 Topic delimitation

The phenomenon of serviced living will be examined in the context of Switzerland and more specifically the city of Zurich. The reason of this delimitation is that Zurich is one of the densest cities of Switzerland with an international population (Bundesamt für

Statistik BFS, 2017b) covering a variety of target groups eligible for serviced apartments.

Due to the vast amount of information available, a representative sample of the different serviced apartments in Zurich will be examined. These cases are in different districts within Zurich and offer different service packages. The examination group consists of apartments that target business people as well as single and two-person households.

In total, 448 apartments, in 102 serviced apartment buildings from 11 different providers will be considered relating to location, apartment size, number of people that can be accommodated per apartment, rental price and services that they offer. This sample of buildings will provide detailed information that will then be cross checked with existing data on this subject to give the general outframe for this sector in Zurich.

1.4 Research process and methodology

In order to answer the research questions a three-step procedure will be followed (figure 1).

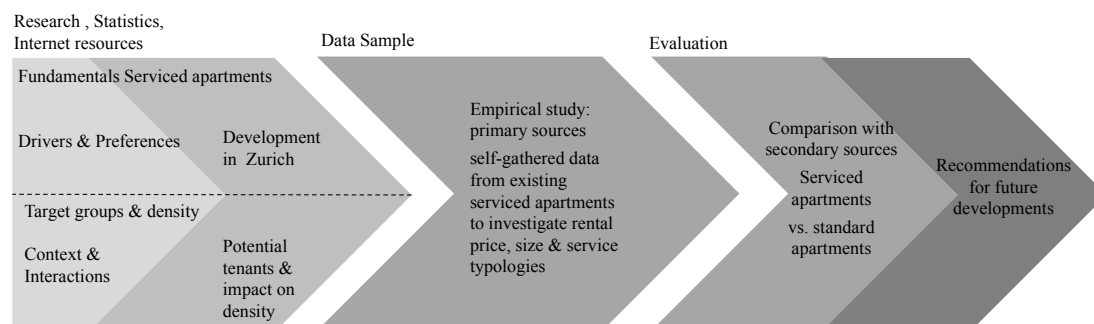


Figure 1: Methodological procedure

In the first step, the basics of the serviced living concept as a form of micro-living and household outsourcing will be presented in the broader sense, with a deeper focus on the geographic area of the investigation. Current drivers towards serviced living will be analysed and explored through existing literature and publicity available on statistics on the subject.

Based on the above theoretical analysis, target groups will then be examined in terms of potential tenants as well as outsourcing of household in terms of space reduction within a living unit, as a means to increase urban density.

For the empirical part of the thesis, self-gathered data obtained from existing serviced apartments in Zurich will be used as primary source. The analysis of this data will test the validity of the hypothesis and questions presented in this study.

For the evaluation of the results, the primary data - that will be arranged and thematically presented - will be compared with secondary data related to standard apartments in Zurich in order to identify similarities and differences in the choice of location, rental price, contract duration and apartment size.

Finally, optimization approaches and development potentials of this form of living in the rental market of Zurich will be formulated, based on the results of the comparison and personal considerations.

2. Theoretical background

2.1 Term definition

The following term definitions are relevant for this thesis. For better readability only, male forms will be used, but they are always equally meant to be persons of male and female gender.

Micro-living

Micro-living means living in a smaller space with a floor plan that covers only the most necessary services like a sleeping area, kitchen and bathroom. There are no exact specifications of what “micro” is. This is determined by the market in which it exists (Urban Land Institute, 2014, p. 5). Micro-apartments are mostly furnished or semi-furnished studios. In many cases, when services like reception and cleaning service are added to them, they fall into the serviced-apartments category.

Serviced apartments

Serviced apartments bridge the gap between a conventional apartment in the city and a hotel room. They are fully furnished apartments, that can be monthly, weekly or in some cases even daily rented offering a contract flexibility. Their difference to a simply furnished apartment is that they are professionally operated and marketed, offering a variety of It could be said that serviced apartments offer a home-like environment with the comfort of hotel utilities (figure 2). They are always centrally located and connected with public means of transportation, and they offer in their majority studio or one-bedroom apartments.

Often, serviced apartments are also referred to as business apartments, aparthotels or short-stay apartments as they have similar target groups and business model. The difference between them though, is that serviced apartments have most of the times a minimum stay of one month and they are rather a rental apartment with supplementary services rather than a hotel-like environment.

Standard appartement

A standard apartment is a residential unit within a building. In other words, it is a single living space among others in a residential area. The living space of a standard apartment can consist by one or more rooms. The term “apartment” is commonly used to describe this typology. For purposes of clarity though, this thesis will be referring to “apartments” as standard apartments. In that way there will be a clear differentiation to serviced apartments.

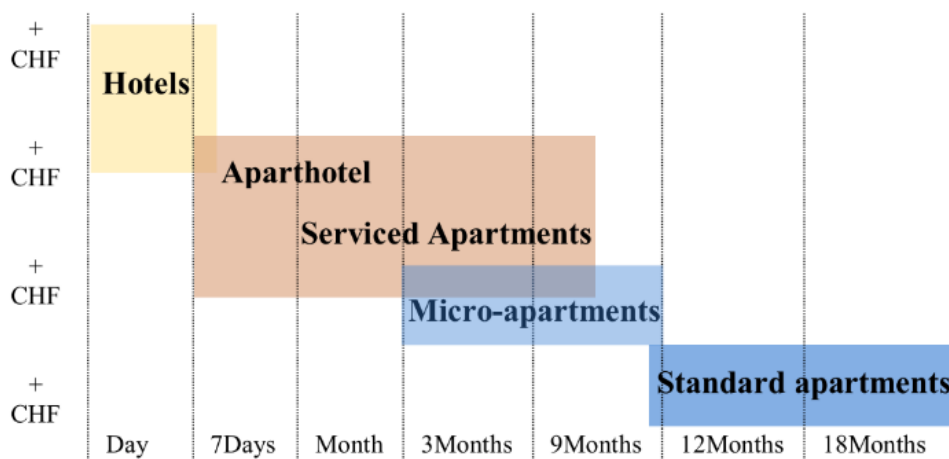


Figure 2: typologies of living rental market

Target groups

In the current economic system, where not all products can afford to target everyone, having a well-defined market is of major importance in order for a concept to be successful. Every product cannot afford to target everyone. A main characteristic of serviced apartments is that they offer a range of services and they appeal to specific target groups. These target groups consist of people who live within urban areas and have specific needs, income and lifestyle. There are different studies that classify Swiss households according to their social status, lifestyle preferences and phase of life. For the purpose of this thesis the segmentation of demand in the housing market according to FRPE will be used. More specifically, serviced apartments will be studied in relation to the urban elite segment. This segment, which includes almost 9% of the Swiss

households, refers to people that prefer to live within the urban context. The majority of them are single young and middle aged people with a good educational level and an income above the average. They travel a lot, work flexible hours and enjoy spending time outside their apartments (FPRE & sotomo, Segmentation of demand in the housing market, 2017a).

Occupancy density

Population density is a ratio referring to the number of people or households per given area. Population density has different categories. This thesis will focus on occupancy density within the urban grid. Occupancy density refers to the ratio of the number of occupants to the floor area of an individual habitable unit. (Cheng, 2010, p. 4) The reason this ratio will be examined in the thesis is because it can give a good understanding of how many people effectively live in a habitable unit and how many square meters they occupy. This measurement will help to understand how dense serviced apartments are.

2.2 The concept of serviced living

2.2.1 Introduction

In 1920, the ratio of one-person households in Switzerland was around 10%. Today this percentage accounts to more than 35%, which makes it the most popular form of household (Büandesamt für Statistik BFS, 2017a cited in Breit & Detlef, 2018). According to the “Büandesamt für Statistik”, the single-person household will further increase from 2017 to 2045 reaching 31%, while the two-person household will experience an increase of 26%. The other forms of households will get significantly less developed in contrast to these two (2017a, p. 5).

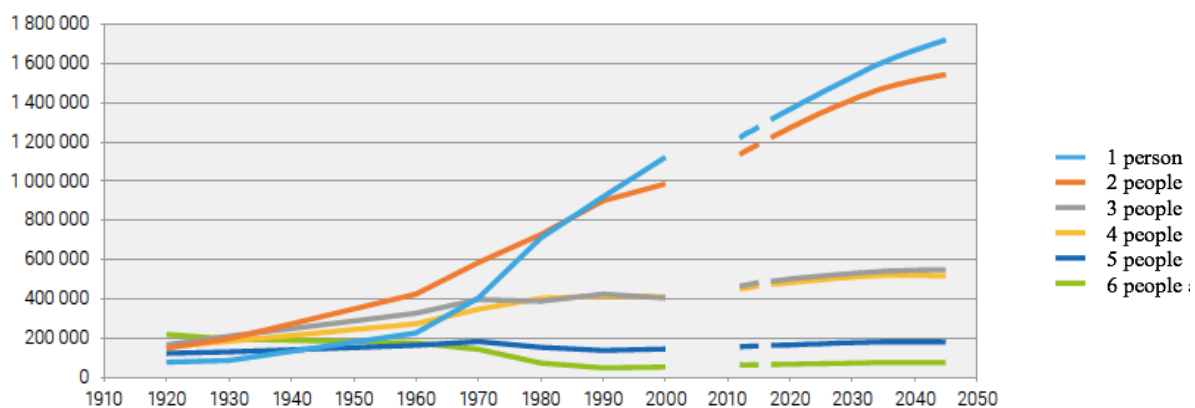


Figure 3: Development of private households according to household size (BFS, 2017a, p. 5)

This increase in single-person households is influenced by changes in the structure of families. In the past, there were various family structures such as the extended families something that, according to future prognostics, will not be the case in the upcoming years. By 2045, the number of couples without children will drastically be increased (Bundesamt für Statistik BFS, 2017a, p. 6). Furthermore, there is the share of individuals that are in a relationship, but still decide to continue living in separate households instead of moving in together, thus increasing the demand for smaller apartments even more. As a result, the need for bigger size households will further decrease in the future.

This increase of single dwellings has been accompanied by the appearance of new residential concepts like micro-apartments that meet the specific and requirements of singles. Furthermore, high living costs within the urban context shift the focus of demand to smaller homes, where space is saved due to technological developments and services, such as cleaning and catering included in the rental price. These serviced apartments are an attractive type of housing for the investors since, although space is reduced, the rental price tends to be higher in comparison to standard apartments, due to the fact that extra services are offered (Credit Suisse Group AG, 2017, pp. 18-19).

Apart from the increase of single-person households, cities also face the need for higher density, as more and more people move within the urban context. Swiss cities saw an average increase of 1.1% per year in their population, with cities like Zurich reporting an increase of more than 3% from 2014 to 2015 (Bundesamt für Statistik BFS, 2017c, p. 13). In order to achieve high density, it is important that the occupancy density per person remains high, so that a city can accommodate more residents. This number though, is not clearly defined since the perception of space differs from one place to another. In Tokyo, for example, a person can live in 5,78m² of space in contrast to Switzerland where the average living space per resident is around 45m², with a minimum of 30m² per person in some areas (Bundesamt für Statistik BFS, 2017c, p. 52).

According to an economical study from Credit Suisse (2017), 35% of people under sixty years old who live on their own and rent an apartment in Switzerland, occupy a three-room apartment, while only less than 15% occupy a one-bedroom dwelling (figure 4) (p.18). That shows that in many cases the occupancy density within cities in Switzerland is far beyond the average of 45m² per person.

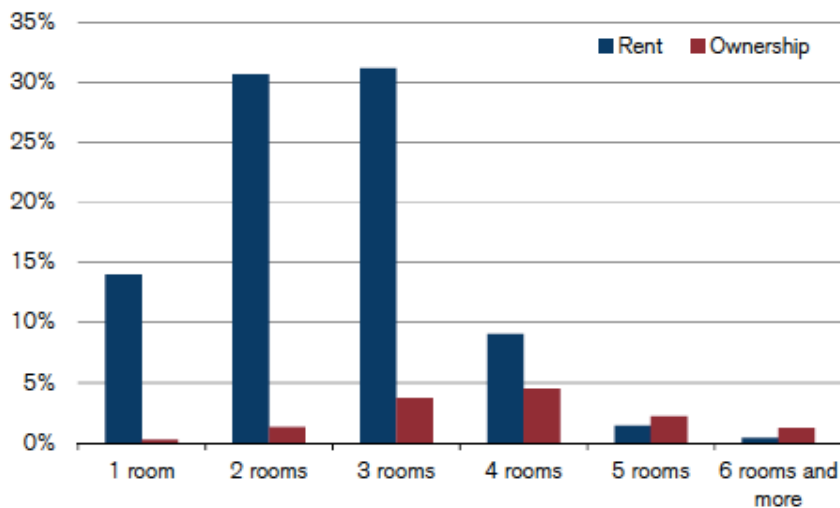


Figure 4: Housing situation of single-person households under sixty years old (Credit Suisse Group AG, 2017, p. 19)

The fact that people living on their own occupy more square meters than a family has also to do with the fact that they do not share rooms such as the kitchen, living room and bathroom in contrast to the home of a family. This is the reason why an innovative form of living like serviced apartments with shared infrastructure, could potentially help in reducing the space that single tenants occupy.

This raises the question of the benefits that these typologies of living offer to the rental market and what occupancy they have. By January 2018 around one million serviced apartments have been reported, operating in almost 1.400 locations worldwide, showing an increase of 19% in units and 18.8% in locations from 2017 with the US accounting for over half of them (McCrow, 2018, p. 14). Europe takes over the second place with 15.9% of the global supply and with a 2.11% increase from 2017 in the overall market share (McCrow, 2018, p. 15). In Europe, the UK is the leader in the business, followed by Germany and France, with deals in 2015 having a 114% uplift in comparison to 2014 (JLL, 2016, pp. 3-4).

A survey from the Urban Land Institute in the US has shown that the small serviced apartments can achieve a much higher occupancy. Dwellings of 46-55m² had a 91.5% occupancy in contrast to dwellings of 55-90m² that appeared to have an 89.6% occupancy. The study also showed that the smaller the apartment was, the higher was the achievable rent. Units less than 55m², with a monthly rent of \$ 2.647 (approx. 2.650 CHF) topped the rates of the 55-90m² units, that costed \$ 1.723 (approx. 1.720 CHF) by 54% (2014, pp. 11-13).

In Europe, serviced apartments are also blooming. A recent survey from HVS shows that on average in Europe serviced apartments consist of two thirds of studios and one third of one-bedroom apartments, with those of two-bedrooms and more occupying less than 1% of the market (figure 5). In Switzerland, the number of serviced studio apartments is higher than the average of 59%, reaching 75% of the total serviced apartments in market (Perreten, 2017, p. 4). Occupancy rates are also as high as in the US, with the UK market leading with almost 89% in 2017, and the rest of Europe with almost 86%. By 2019, around 10.000 serviced apartment units will have been built in Europe, with Switzerland taking the third place with 739 new apartments, after the UK and Germany, the two leading countries in the field (Perreten, 2017, p. 8).

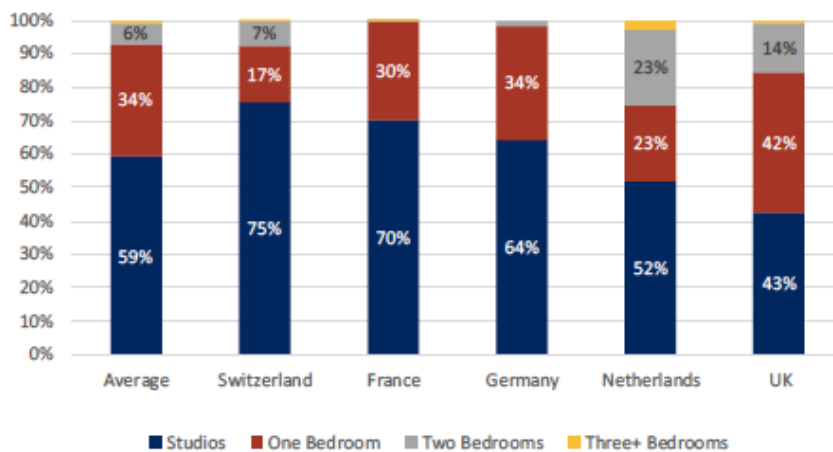


Figure 5: Serviced apartment size by country (Perreten, 2017, p. 4)

2.2.2 Historical context

In order to better understand the idea of serviced living as well as how it is connected with the increase of single- and two-person households and how it affects densification of cities, it is important to understand the transformation in the way people have lived throughout the years.

In the middle ages, people used to live and work under the same roof, something that changed at the beginning of the 19th century. Houses started to have explicitly living functions and rooms started forming into bedrooms or living rooms according to their usage. In the 20th century, modern living made its appearance. Together with the economic growth and improvement of life quality of societies, urbanisation started appearing as people started moving into cities for working purposes. Between 1960 and 1980, in Switzerland, smaller families that consisted of parents with one child and

single homes started appearing (Breit & Detlef, 2018, p. 16). In addition, there was a growing tendency towards independent and individualised lifestyles.

In 2000, smart homes and residential individualisation started playing an important part in the development of living typologies. Working conditions started becoming flexible and people could work from places like the library or a café. Although today the motives might have changed, people still tend to occupy other spaces than their home and live and work inside as well as outside their private space (Gatterer, Baumgartner, & Seidel, 2013, p. 19).

In the beginning of the 21st century, new household forms also made their appearance and changed, until then, the image of living together in a family. Small and one-person families became the main household form, resulting in small social units without the need of a community or integration (Häusermann 2009 cited in PT.RWTH, 2012, p. 9).

2.2.3 Current drivers and trends

But, which requirements does living have to fulfil today? Modern households need internet connection, easy access to public means of transport and a variety of job prospects. Furthermore, cultural activities and shopping locations define living today (Gatterer, Baumgartner, & Seidel, 2013, p. 19). Consequently, nowadays living today has many dimensions and needs to accomplish various living criteria. It is clear that it is a process that evolves together with the change of society.

In recent years, household typologies have evolved according to the change of lifestyle and society. Due to the fast pace rhythm of today's life, and the fact that both partners in a family work, there is a tendency towards outsourcing specific functions and activities of the household (PT.RWTH, 2012, p. 10). According to the same study, people who are working long hours, prefer not to take care of the household themselves when they can afford it, but to use external apartment related services. Flexible working hours make the idea of household outsourcing even more functional and meaningful to this type of people. This development has influenced housing typologies, their equipment and their environment (Paravicini 2009 cited in PT.RWTH, 2012, p. 11).

Decentralization and individualisation are becoming main characteristics, that set the trend for future living for specific target groups. Collaborative living, which is the new form of living in the urban context, enables residential quality to be defined through domestic options within building blocks and neighbourhoods and not through the size of an apartment (Gatterer, Baumgartner, & Seidel, 2013, p. 27). In other words, in the

future, people will not be living in big apartments, but rather in small units that define the most important personal space, and other living functions will be outsourced. Thus, living will be decentralised. In addition, living space will be rented as the basic room structure and each resident will be able to form it according to their needs, life stage and style. Pieces of furniture will become flexible elements that define zones within rooms (Gatterer, Baumgartner, & Seidel, 2013, p. 27). In this way, every living space will react to the individual needs.

According to Charles McCrow, CEO of the apartment service, one of the largest booking agencies for serviced apartments in Europe, individualisation and digitalisation are two trends that started affecting the serviced apartment industry. Traditional reception desks are being replaced with informal seating areas, while some operators hold events where guests can meet and interact with each other in an effort to create a community within this typology of living (2018, p. 12).

Lack of space, individual needs and society transformation, set the drivers for the future living trends. As analysed above, it is clear that the residential space and its definition adapt to the constant change of people's needs and family structure. Serviced living and household outsourcing, are part of the new living forms that have appeared in the recent years and according to the analysis, will continue being part of the living structure in the future as well. Living quality will be defined through the additional space and additional service possibilities in the close environment (Gatterer, Baumgartner, & Seidel, 2013, p. 40).

2.3 The Swiss market

Although on international level these new serviced living typologies are being radically developed, in Switzerland this trend has only started in the recent years. Switzerland has around 10.000 serviced apartments, a number that is constantly growing due to demand (Wüest Partner, 2017, p. 52). Although the number might seem high, it is only 0.25% from the 4.4 Million apartments that exist in the country (Bundesamt für Statistik BFS, 2018, p. 9).

According to Alain Gozzer the group head of marketing from Visionapartments, one of the biggest serviced apartment providers in Europe, Switzerland is an attractive market for investment in the serviced apartment industry, as availability of apartments in well connected locations is limited and even though demand is high, it is not covered by the existing accommodation units (2017). There are also other reasons that make this market

segment attractive like the fact that individualization and flexibility have become main characteristics of living style and are both covered within the serviced living concept.

Serviced apartments in Switzerland are mostly furnished apartments, offering a basic package of services without the preparation and service of food and beverages. In many occasions they are the result of adaption and conversion of existing residential buildings. These typologies are around 40m², a number that lies in between a standard apartment with an approximate space of 82m² and a hotel room, with rooms between 20-30m² (Wüest Partner, 2017, p. 54). According to the same source as well as the study from HVS, the majority of the apartments in the Swiss market are one- to two-bedrooms in comparison to the standard apartments that are mostly three- to four-bedrooms.

Although demand for smaller apartments is increasing, only 922 small apartments have been built up to year 2000. Nevertheless, that changed in the past five years as 2.469 small apartments of less than 30m² space have been constructed. According to Credit Suisse though, the potential is not fully implemented, as although single-person households cover 35% of the population, only 18% of the housing supply meets their criteria. “In other words, only 1.6 million one- to three-bedroom apartments are there to meet the needs of 2.4 million households” (Credit Suisse Group AG, 2017, p. 19). Of course, these numbers represent the greater spectrum of smaller apartments and not only the demand on serviced apartments, but they can still show the potential that exists in the market. Another study from Credit Suisse, shows that smaller apartments are the focus of investor interest and although, many investors concentrate into building 3.5-bedroom apartments, the market has a need of even smaller apartments (Credit Suisse Group AG, 2018, p. 12). The same study states, that maybe a strict concentration in one-or two-bedroom apartments in the agglomeration areas of Switzerland could be the answer to reducing vacancy rates in newly built apartments. The idea behind it, is that families with children would be interested in rather bigger apartments than the 3.5-bedrooms and couples or singles would prefer smaller apartments due to high prices per m² in the urban areas.

The city of Bern, in an attempt to follow the trend, has herself developed smaller apartments. The cooperative of Aare is building 59 1.5-bedroom apartments in Brünnen which will be furnished and will have a concierge service. They will be available for a minimum lease of one month, with a rental price starting at 1.300 CHF/p.mo including water, electricity, internet connection and cleaning service every two weeks (Jones, 2017). There will be additional services offered, like extra furniture or electrical

appliances and dry cleaning on an additional service charge. Apartments that will be available for a longer contract period, will go on the market for a monthly price between 1.000 to 1.430 CHF/p.mo, showing that contract flexibility is costly.

This residential project in Bern belongs rather in the lower market rents of the sector as, according to Wüest & Partner, a serviced apartment of this size in the centre of Bern could cost from 1.500 to 2.500 CHF/p.mo (2017, p. 57). The average gross rental price in this segment is around 2.500 CHF/p.mo, with 40m² studios around the price of 1.800 CHF/p.mo. Bern and Zurich have the biggest price span in contrast to Basel where prices are much lower (figure 5). All in all, these apartments lie a bit higher than the average rental price in Switzerland, which is around 1300 CHF/m (Bundesamt für Statistik BFS, 2018, p. 20).

This price span is related not only to the apartment size but also to the type and number of services offered. For example, a furnished apartment would cost around 8%, more than a standard apartment of the same size, while by adding some basic services, an apartment could cost almost 25% more (figure 6).

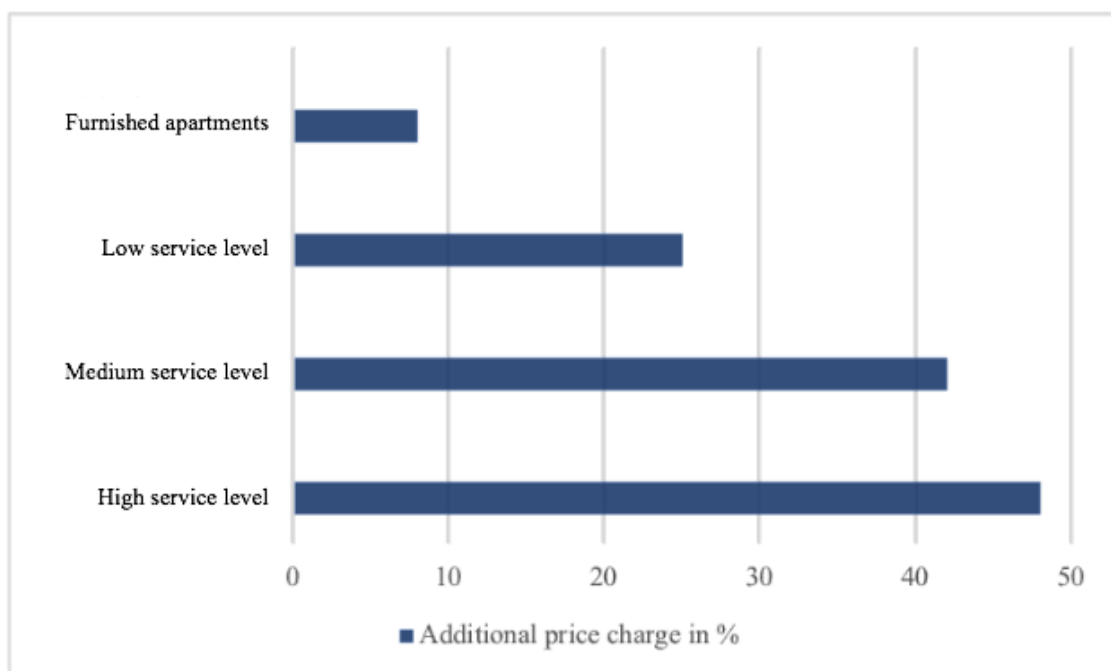


Figure 6: Serviced apartments: Additional price charge in comparison to standard apartments (Wüest Partner, 2017, p. 57)

As services are added to the apartment, its price goes up resulting in more than 50% higher price than a standard apartment, when services and amenities are similar to those

of a hotel (Wüest Partner, 2017, p. 57). The same study shows that operating costs of serviced-apartment buildings are up to 225 CHF/p.mo while costs in a non serviced apartment could be as low as 15 CHF/p.mo.

As noticed above, serviced apartments have higher costs, but they also have higher earnings. In 2016, gross return on capital, according to Wüest Partner, was 6.0%, namely 0.4% higher than the average return of a residential building and 0.8% higher than the average rental apartments in the big Swiss cities (2017, p. 58). Additionally, this type of investments have been reported to have in some cases almost 95% occupancy, with an average occupancy of 90% (Gozzer, 2017). As for the operator profits, Visionapartments, one of the leading firms in the sector with more than 1000 apartments all over Switzerland, have reported a turnover of 15.7 million in 2011, with the total assets of the department in Zurich exceeding 91 million (Tanda, 2013, p. 5).

All in all, after examining the above studies, it can be said that serviced apartments have a lucrative potential even though they are still not very developed in Switzerland. There is demand in the sector and if the products offered continue covering lifestyle needs that constantly evolve, it will continue to be an attractive sector for investments.

2.4 Development in the city Zurich

Zurich alone had 2.400 serviced apartments in 2016, which is 1.1% of the total number of apartments in Zurich (Stadt Zürich Präsidialdepartment). These apartments are centrally located and always well connected to public transportation, which is key to their success. Most of them are located in the city centre, in the districts 1, 3, 4 and 8, in Hirsladen, Wiedikon and Unterstrass (figure 7). In general, almost 80% of the serviced apartments fulfil the criteria of central location, proximity to public transport and good connections, while one third of the apartments assessed, was located within 100 meters from a bus stop (Wüest Partner, 2017, pp. 54-55).

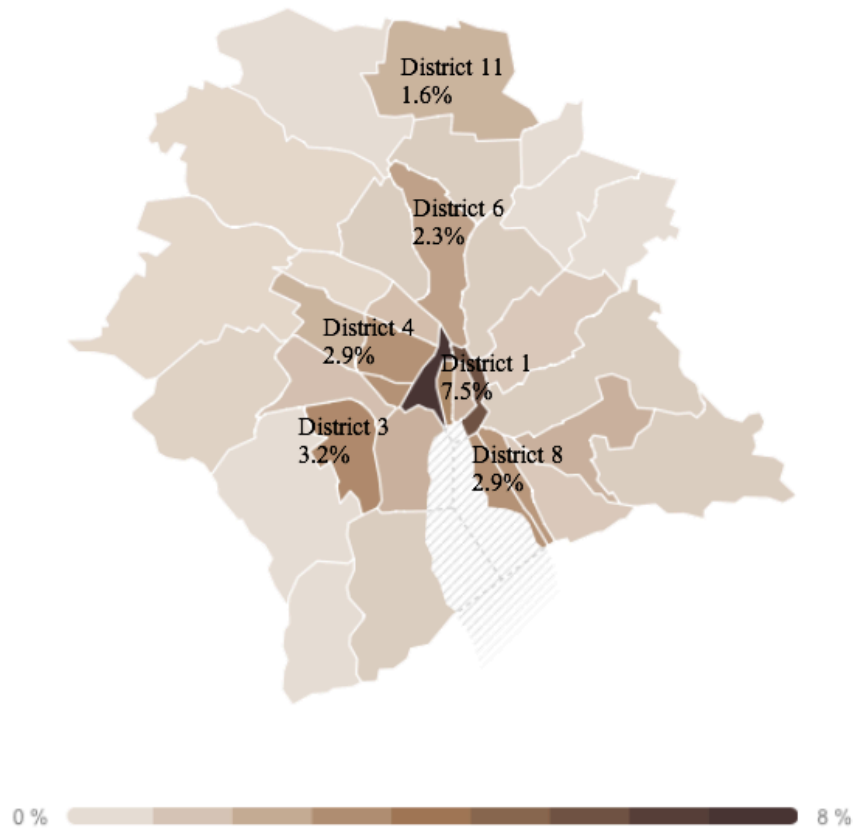


Figure 7: Distribution of serviced apartments in Zurich (% of the total amount of housing in Zurich) (Stadt Zürich Präsidialdepartment)

Zurich is for a variety of reasons, an attractive place to live. That can also be confirmed by the apartments vacancy rates that in 2016 were as low as 0.2% in contrast to cities like Basel and Bern where the rate was around 0.4% (Bundesamt für Statistik BFS, 2017b, p. 3 & 15). Almost two thirds of the people in Zurich live in two- to three-bedrooms apartments, from 60 to 119m². Smaller apartments and studios with a space less than 60m² come second, taking 17.6% of the total amount of apartments (Bundesamt für Statistik BFS, 2018, p. 16). The question that arises is how much people in Zurich pay for these apartments. According to the same study from the BFS in 2016 the average renting price in Zurich was close to 1.600 CHF/p.mo, higher than the average price of Switzerland which was around 1.300 CHF/p.mo (2018, p. 20). This price is almost half of what someone would pay for a serviced apartment in Zurich, as reports show that renting prices in 2016 were from around 2.250 CHF/p.mo for 17m² to up to 3.300 CHF/p.mo for 26m² (Bürgler, 2016).

At this point, another factor that should be taken into consideration, is that the first square meters of an apartment are the most expensive ones (figure 8). In other words,

although smaller apartments provide less space, they still have a bathroom, a kitchen or even a washing room that add up to the costs, ending up being more expensive in comparison to bigger apartments. In Zurich, a studio apartment costs in average 870 CHF/p.mo, only 390 CHF less than a two-bedroom apartment, meaning that an additional room costs only 230 CHF more (Craviolini, 2017, p. 8).

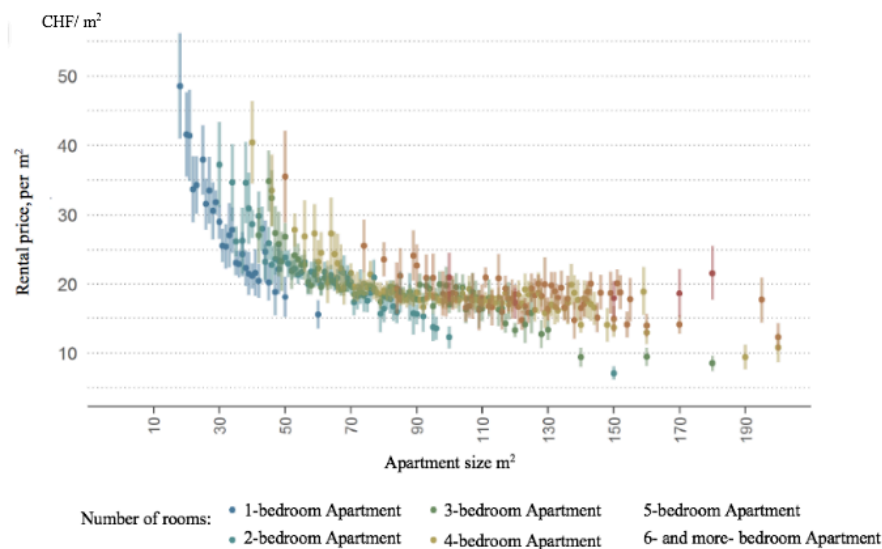


Figure 8: rent price pro m² according to the number of rooms (Statistisches Amt Kanton ZH, BFS)

In Zurich, there are also bigger serviced apartments being offered that can cover the needs of target groups that are after a more luxurious way of living. Four or five-bedroom apartments can cost up to 9.000 CHF/p.mo, while for a luxurious serviced villa in Wollishofen, prices can go up to 30.000 CHF/p.mo (Merkt, 2016).

The two main providers of serviced apartments in Zurich are, Vision apartments with around 700 apartments, as well as PABS Residences with more than 250 apartments. Vision apartments can be mostly found in district 4 and in Militärstrasse, whereas PABS apartments are mainly located in Seefeld and Unterstrass and have a price range of 3.000 to 5.000 CHF/p.mo according to the apartment size (Merkt, 2016).

As reported by the Präsidialdepartment of the city of Zurich, these apartments are rented for a short amount of time as there is a 46% residency exchange within the year, which could be considered quite high in comparison to the 9.2% that the standard apartments have.

One of the first projects of serviced apartments in Zurich with a more long term contract character was “James” building from UBS real estate fond. “James living with services”

as it is called, was founded in 2007 in Zurich, with a concept of hotel characteristics brought into a rental apartment. The project is combined from 72 apartments from one to 3 bedrooms. The main idea is that there is a concierge service included in the rental price, while tenants can also get other services like dry cleaning, housekeeping, as well as taking care of pets and flowers while they are on holidays with an extra fee every time (Caillat, 2011, pp. 17-18). According to the same article from UBS, key to the success of this form of living is that there is a variety of different target groups interested and that services can be adjusted “a la carte” according to each person’s needs at every time. A 2.5-bedroom apartment in this building would cost around 2.135 CHF/p.mo, a price lower than the average 2-bedroom serviced apartment in Zurich that is between 2.500 and 3.000 CHF/p.mo (Wüest Partner, 2017, p. 57). Reason for that is that the contract duration is not as flexible as in other apartments and that only the concierge service is included in the price. All other services are charged extra.

Of course, serviced apartments, like other housing sectors as well, faced not only growth but also some throwback in the past in Zurich. In 2011, the sector faced a downfall due to the world wide economic crisis. In the city of Zurich, rental prices dropped and that also had an effect on the serviced-apartment industry. Additionally, well paid international employees, who would easier pay the high rents of serviced apartments, had decreased in number and that put the market of Zurich under pressure. Still, the sector stayed up to a good level and continued making a profit (Tanda, 2013) . According to Wüest Partner, the profitable management of the sector is a demanding and time-consuming task. There are challenges like the frequent changes of residents, the manifold demands of users, a strong dependency on the global economic fluctuations or the search for suitable properties that always have to be carefully studied and analysed in order to succeed and make a profit in the sector (2017, p. 58)

2.5 Target groups and preferences

Serviced apartments are a product that targets a specific group of people. The study from the Präsidialdepartment in Zurich in 2016, showed that 63% of the population living in serviced apartments in Zurich at the time was between 20 and 39 years old. Another study showed that one fourth of the population between 25 and 39 years old in Zurich prefer to live in a two-person household, while one of every five people lived in a single-apartment (Schwierz, 2015, S. 23).

Serviced apartments in Zurich, are mainly rented by people from international backgrounds. More specifically, 82% of the residents are non-Swiss, with 46% coming

from West and East Europe, another part coming from India and a smaller percentage coming from the USA (Stadt Zürich Präsidialdepartment). These percentages are comprehended, as 32% of the population in Zurich is non-Swiss with the purely Swiss households reaching 62% (Schwierz, 2015, p. 24).

In an effort to analyse the brighter spectrum of people who live in Zurich and to whom serviced apartments would be an ideal typology of living, it is important to identify which people live within the urban context and what preferences they have.

According to the segmentation study of FPPE, there are three main target groups that prefer to live within the urban context. The “transitional-alternative”, who occupy around 12% of the Swiss household, prefer to live in a large or medium sized urban centre. As this group consists mostly of students and apprentices, they are considerably younger than the other demand segments and live mostly in one-person households and shared accommodation (FPPE & sotomo, 2017b, pp. 2-3).

The “modern-worker” segment, consists of rather lower education people, qualified in manual jobs. This target group lives in highly populated areas and faces financial constraints. Another interesting feature of this segment is that it is mostly consisted of four to six-bedroom households for larger families (FPPE & sotomo, 2017c, pp. 2-8).

Due to their size, serviced apartments attract mainly one and two-person households. As rental prices are high, the potential user groups, should prefer to live in the city, be singles and have a high income. This description excludes the previous target groups presented, as they feature part and not all of the criteria. There is another target group, who lives in the city and fulfils all the above criteria. The “urban-elite”, consists mostly of singles, 18.3% are specified as young, from 20 to 30 years old, 19.4% as middle-aged, from 30 to 50 years old and 21.7% as older, above 60 years old (FPPE & sotomo, 2017a, p. 5). This target group earns around 75.000 CHF/p.a. with variations according to age as younger people tend to earn less than older ones. Generally, salaries in Zurich are higher than in the rest of Switzerland by up to 1.200 CHF/p.mo (Schmid, 2015), showing that it would be possible for people working in Zurich to spend more money on rent in contrast to other Swiss cities.

The “urban elite”, as called by FPPE are people that are willing to pay more in order to live in the city centre, mostly occupying 40-55m² per person and evaluate the ability to have access to cultural activities as rather important, in contrast to leisure facilities or

access to amenities (2017a, p. 10). When taking a closer look into this segment, it is possible to categorise people into specific groups.

The “urban elite”, are people mainly live on their own, either because they are divorced, travel a lot and work from different places, they choose to be singles or are elderly people that ended up alone. These people are choosing to live in a single-household, mainly of smaller size, either because they see it as a trend, since housing is not a priority to them, or because they prefer spending their time outside the apartment (Breit & Detlef, 2018, pp. 20-22). All in all, the variety of target groups shows, that micro-apartments, have a wide range of potential tenants that would choose this type of accommodation for multiple reasons.

Furthermore, it is worth mentioning that estimations show, that single-person households will increase by 31% until 2045 from 1.2 to 1.3 million, taking the first place in the most common housing typology, followed by the two-person household with an increase of 26% from 1.2 to 1.5 million (Bundesamt für Statistik BFS, 2017a, p. 5). That shows that the need for smaller living spaces will increase in the following years, as people’s preferences towards single apartments will rise.

2.6 Occupancy density

Today, almost 85% of the Swiss population lives within the urban context, while around 40% of the total population lives in the five largest agglomerations of, Zurich, Geneva, Basel, Bern and Lausanne (EDA, 2017). Although most of the population lives in the urban core, this lifestyle preference is still not accepted by everyone. Nevertheless, the need for higher density in these agglomerations is a fact, and it can only be accomplished through projects that increase urban density and consider Swiss cities as urban and not rural developments (Lampugnani, Keller, & Buser, 2007, p. 8).

Statistics show that Switzerland lacks dense living space. Half the population lives in buildings with one until four apartments and almost one third lives in detached houses (Bundesamt für Statistik BFS, 2018, p. 13). In Zurich in particular, from 2000 until today, population grew by 50.000 people, with a yearly growth of almost 4500 people. It is estimated that by 2030 the population in Zurich will grow from 412.000 to 500.000 people (Rey, 2016). As reported by Urs Rey, parallel to this growth, living space increased by 22.8%. The oxymoron fact though, is that the number of apartments grown by only 7.9%, a number that shows that the new apartments created, are bigger in size in contrast to the past years, resulting in a density factor of 19% (2016).

At this point, it is important to analyse, how much space do people in Zurich occupy, in order to understand how dense, the city is. In the canton of Zurich, the average occupancy density is 45m² per person with areas reaching as low as 26m² or as high as 56m² per person or more (Craviolini, 2017, p. 1). The same study presents that this occupancy density of 45m² per person is 10m² more than what it was in the 80's. And although as stated in chapter 2.2.1, single-person households have grown, they are at the same time the typologies of living that consume the most space. In other words, the more people live in an apartment, the denser this apartment is (figure 9).

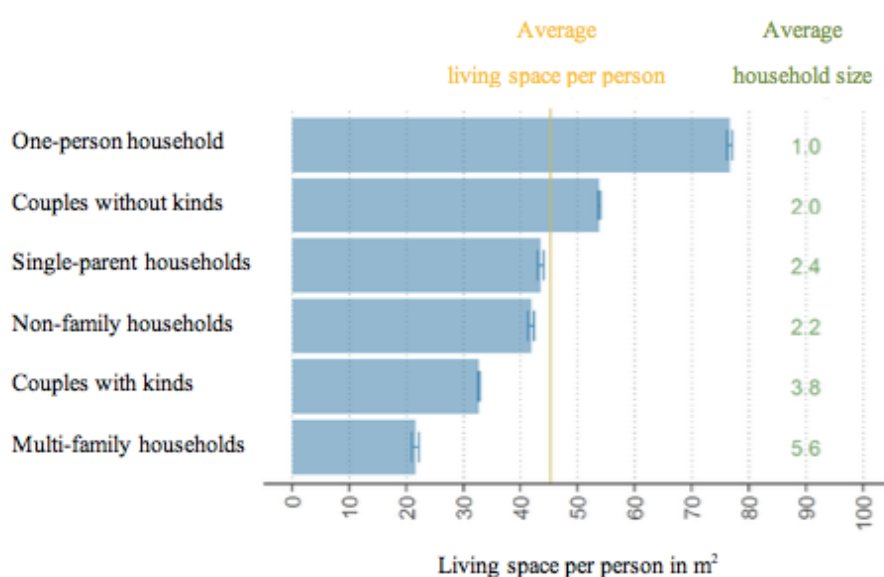


Figure 9: living space in m² per person & per household (Statistisches Amt Kanton ZH, BFS)

There are two ways to achieve higher density, either through renovation and modification of an existing building, or through demolition and new construction. An experiment showed that, by modifying the same space in m², the first option could produce 700 additional apartments, while the second one could produce up to 2.350 apartments (Rey, 2016). The additional number of persons that would fit in this space accordingly, is 6.100 people in the first case and 7.300 people in the second one. As space in a new building increases by 112%, people being accommodated in it, increase only by 70%, taking up almost 8m² of additional space than before modification. The above experiment shows that the correlation between the new space being created and the amount of people accommodated within is not positive. That is the reason why it is important to further investigate the correlation between small apartments and occupancy density, as well as how it can be further optimised.

3. Empirical research and methodological framework

3.1 Methodology

This chapter describes how, based on the theoretical background, questions were formulated, and data was collected in order to answer the research questions and verify the hypotheses described in chapter 1.2.

3.2 Choice of method

The data have been acquired through the websites of serviced apartment providers in Zurich. A list of Objectives that needed to be investigated was formed and filled in for each object (appendix I). Serviced apartments have been categorized according to provider, location, apartment size and number as well as monthly rent, services included, and additional services offered with extra charges. Goal was to gather as many prices as possible, according to location, apartment size and services, in order to create an accurate image of the serviced apartment prices and sizes in the different districts of Zurich. These results will help understanding the rental market of serviced apartments as well as establish its differences to standard apartment sizes and prices.

The results of these data were later on compared with secondary data on the rental market from the IMBAS tool from FRPE and more specifically, “Gemeindecheck Wohnen”, as well from BFS, for the purposes of comparison of the serviced apartment market, in contrast to the standard apartment market in the city of Zurich.

3.3 Data preparation

All the results have been gathered as raw data in an excel file presented in appendix II. In order for the results to be plausible the sample of serviced apartments had common characteristics. All apartment prices had at least the basic service package including all taxes, electricity, water and heating bills, Wi-Fi, weekly cleaning service and furnishing. In that way, it was possible to categorise prices and form conclusions for a group of different providers. Serviced apartment rental prices that have been collected are all gross prices. Additionally, all prices have been collected for a period of one month even for the apartments where weekly renting options were offered, in order again, for the comparison to be plausible.

The data used for the standard apartments, are gross rental prices, so that the comparison to serviced apartments is correct. For these prices that were net prices, an additional fee for the additional monthly costs, such as water, electricity and heating costs, has been applied in order for the comparison to be plausible. This fee has been

defined per category. More specifically, thorough research in the current rental market in the city centre of Zurich, has shown that 1-1.5-bedroom apartments in the centre of Zurich have a price from 120-130 CHF/m added to the rental price for additional costs. Accordingly, 2-2.5-bedroom apartments have an additional price from 160-180 CHF/p.mo and 3-3.5-bedroom apartments from 190-230 CHF/p.mo. For the purposes of this thesis and based on the previous findings, a flat-rate of 125 CHF/m will be added in the net rental prices of 1-1.5-bedroom apartments, a flat-rate of 170 CHF/p.mo to the 2-2.5-bedroom apartments and a flat-rate of 200 CHF/p.mo to the 3-3.5-bedroom apartments.

3.4 Selection of sample

In total, samples from 11 different providers have been gathered, with a total number of 102 different buildings and 448 apartments. For the purpose of the thesis, the following providers have been assessed:

<i>Provider</i>	<i>Building Locations</i>	<i>No. of apartments</i>	<i>Services</i>
Pabs	49	214	Basic*
Vision apartments	14	43	Basic*
Guggach apartments	1	12	Basic*
Serviced apartments	1	3	Basic*
Nest apartments	9	18	Basic* + reception
Glandon apartments	2	7	Basic*+ washing room
City stay apartments	6	33	Basic* + short stay availability
Ema house	4	15	Basic* + change of linen+ short stay availability
aas apartments	12	92	Basic* + use of gym + washing room
Acasa suites	1	4	Basic* + washing room + reception + spa & gym access

Gustav	1	7	Basic* + 24h reception + concierge service + Night-time security + newspaper delivery + in-house library +apartment maintenance during long absences + use of the gym
Total	102	448	

*Basic services: basic package includes all taxes, all additional costs (water, electricity, heating), cleaning service (min. one time a week), Wi-Fi, complete furnishing

Table 1: Serviced apartment providers in Zurich

Criteria for the providers that were used as sample, was the size of the company in terms of number of apartments in the city of Zurich, as well as the fact that their rental price included all taxes, additional costs, cleaning and furnishing. Furthermore, serviced apartments that included further services, such as access to gym, concierge, internet and post-delivery in the rental price, were also gathered, in order for us be able to investigate the price span between minimum and maximum rental price according to the services provided. The third factor that was considered, was the location of the apartments, as it was important to gather prices for as many districts as possible.

3.5 Filtering

For the purpose of this thesis, many apartment models have been researched. Restrictions have been applied to the sample group. More specifically, apartments that did not offer minimum weekly cleaning service included in the rental price have also been excluded from the survey as, according to the analysis, cleaning is one of the basic characteristics that serviced apartments offer. The filters have been applied in order to successfully categorize and compare the apartments. Regarding rental prices, all prices are gross-rent prices, as it is important to consider that the final market price of serviced apartments is always with all service and additional charges included, and not the net-price.

3.6 Data analysis methods

The following data analysis methods are used in this thesis:

Basic aggregations: Simple comparison of the apartments with basic services to the apartments with many services, as well as between serviced and standard apartments, was performed using Excel tools. This allowed to draw the differences between the rental market of serviced and standard apartments, as well as differences within the serviced market itself. The results are presented as column charts designed using Excel.

Median: The median price, which is the value separating the higher half from the lower half of the sample data, has been used to figure out the average rental price of serviced apartments according to their typology (1-1.5-bedroom apartment etc.). These median values have been then compared with the median values of the same apartment typologies for standard apartments. In order to calculate the median, the following forms were used:

When n odd: $a_{\text{med}} = \left(\frac{n+1}{2}\right)$ where: a= individual values & n=sum of individual value

When n even: $a_{\text{med}} = \frac{1}{2} \left(a \left(\frac{n}{2}\right) + a \left(\frac{n}{2} + 1\right) \right)$

Arithmetic average: The arithmetic average was used in order for us to define the average rental price paid according to the different service packages. For example, average rental prices of apartments with basic service packages were compared to the average rental prices of apartments with customized services. This value was used only in cases where it was important that extremely high or low single prices should have been taken into consideration for the creation of a middle price. In order to calculate the arithmetic average, the following form was used:

$$AM = \frac{1}{n} \sum_{i=1}^n ai$$

4. Results

The objective of this thesis is to first, investigate how serviced apartments influence the rental market of Zurich and second, to figure out if and how occupancy density can be increased through serviced apartments (see chapter 1.2). For this reason, sample serviced apartments throughout Zurich have been investigated (figure 10). Interesting

findings, main differences and unexpected similarities regarding the researched topic are presented below.

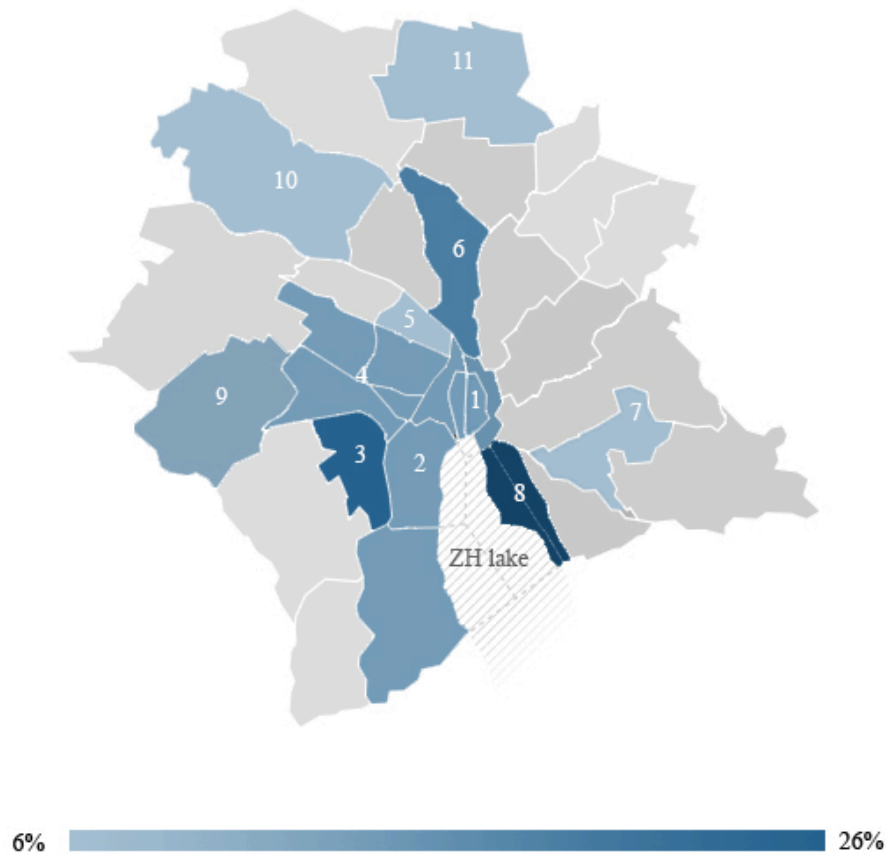


Figure 10: Allocation of sample findings

4.1 Serviced apartment unit mix

From the 448 serviced apartment samples, 40.85% were studio- and one-bedroom apartments. The second most common typology was the 2-2.5-bedroom apartments, followed by the 3-3.5-bedroom apartments with 36.61% and 20.76% accordingly. Out of the total apartment number, only 8 apartments were 4-4.5-bedrooms taking over 1.79%, showing clearly that the serviced apartment market consists of smaller apartments.

The market for standard apartments though, differs from that of serviced apartments. There is a clear preference towards bigger apartments, in contrast to the serviced apartment market (figure 11). Out of the total of 220.940 apartments that exist in Zurich, almost 33% are 3-3.5-bedroom apartments, followed by the 2-2.5 and 4-4.5-bedroom apartments with almost 22% each, while the smaller 1-1.5-bedroom apartments take only 12% of the market (Fahrländer Partner AG, 2018).

As seen in the diagram below, it is clear, that the serviced apartment market shifts towards small apartments, while the standard apartment market, tends towards bigger apartment sizes.

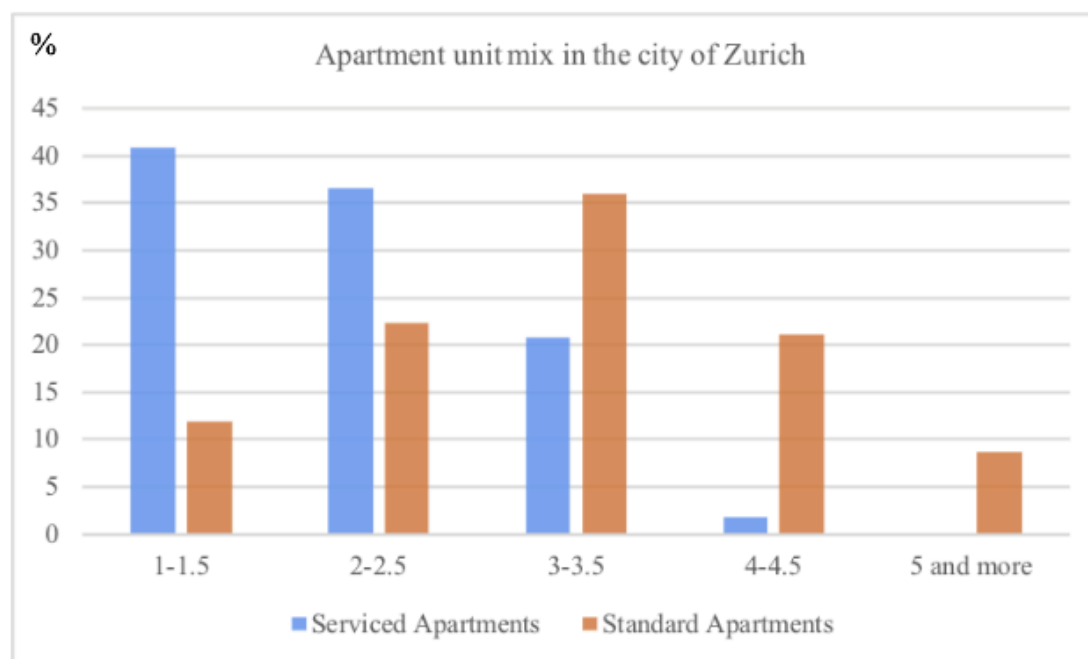


Figure 11: Apartment mix in the city of Zurich for serviced and standard apartments (see pabs.ch, 2018; ema-house.ch, 2018; guggach, 2018; visionapartmnets, 2018; glandon-apartments, 2018; gustav-zuerich, 2018; acasasuities, 2018; serviced-apartments, 2018; app.thehomelike, 2018; FPPE, 2018)

4.2 Location

Through the survey, districts 3, 6 and 8 have been proven to be the most popular locations for serviced apartments. More specifically, almost 26.50% of the sample are located in district 8, while 23% in district 3, followed by district 6 with almost 18.50%. Districts 1, 2, 4 and 9 follow with an average of 7% each. Only around 1-2% of the apartments are located in districts 5,7,10 and 11 (figure12).

This distribution is caused by two main factors. One is that some districts, like district 6 for example, are larger in space (m²) than other ones. Consequently, more apartments are located within them. Other districts, like district 8, are very central, located close to the lake and more expensive to live. As a result, they are areas with higher demand from tenants with the willingness to pay a higher rent. Following this demand, many serviced apartments are located within these specific districts.

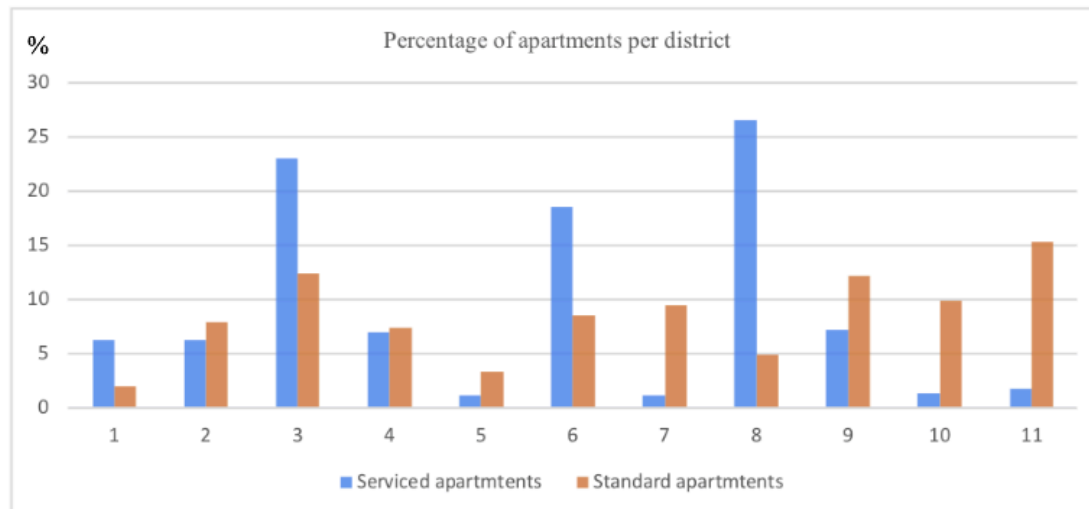


Figure 12: Percentage of apartments in every district of Zurich (see pabs.ch, 2018; ema-house.ch, 2018; guggach, 2018; visionapartments, 2018; glandon-apartments, 2018; gustav-zuerich, 2018; acasasuites, 2018; serviced-apartments, 2018; app.thehomelike, 2018; Statistik Stadt Zürich, 2006; FPRE, 2018)

Rental apartments in Zurich seem to be normally distributed across the different districts. Most of the apartments are concentrated in districts 3, 6, 7, 9, 10 and 11, with a smaller number of apartments in districts 1,2,4,5 and 8.

Serviced apartments are concentrated around areas that are centrally located, well connected and, occasionally, have access to the lake and nice views like districts 3,6 and 8. Of course, renting prices in these districts are higher due to their prime location. The factor price will be analysed in detail in the following chapters. Standard apartments are concentrated in districts that are not so centrally located and therefore more affordable. Nevertheless, new buildings are being found mostly in districts that are newly developed and not in the city centre of Zurich, as it is already fully occupied.

4.3 Apartment size

For this part of the empirical research, all sample apartment sizes have been gathered in order for us to create a size scale of the different apartment typologies. The size span of standard apartments could not be found. That is the reason why comparisons have been made, based on the average apartment size that SIA has defined for each apartment typology and Fahrländer Partner is using to calculate rental prices.

The serviced apartment sample that was gathered, showed most of the size span in the 3-3.5-bedroom apartments. 1-1.5-bedroom apartments are significantly smaller in size than the standard apartments. The average space of a one-bedroom apartment, according

to SIA, is around 45m² (Fahrländer Partner AG, 2018), while for a serviced apartment this size would be the absolute maximum, with the average reaching 30m² and a span from as low as 12m² to 48m².

The next category that has significant differences between serviced and standard apartments is the 2-2.5-bedroom apartments, with an average serviced apartment reaching 55m², 15m² less than a standard apartment. Sizes in this category vary from 30m² to 90m². According to the study, the 2-2.5-bedroom apartment typologies, with space from 80m² onwards, are apartments within the upper end market of luxurious serviced living and more specifically in “Gustav” building located in “Europaallee”, a mixed-use development located next to the main train station in the city centre of Zurich.

The 3-3.5 as well as 4-4.5-bedroom apartments in both categories are relatively bigger in contrast to the previous apartment sizes and their average size is relatively similar in both categories. The 3-3.5-bedroom serviced apartments occupy 79m² in average, 11m² less than the standard apartments of the same apartment size. The 4-4.5-bedroom category on the contrary, occupies in average 100m², the same space as a standard apartment of the same room size.

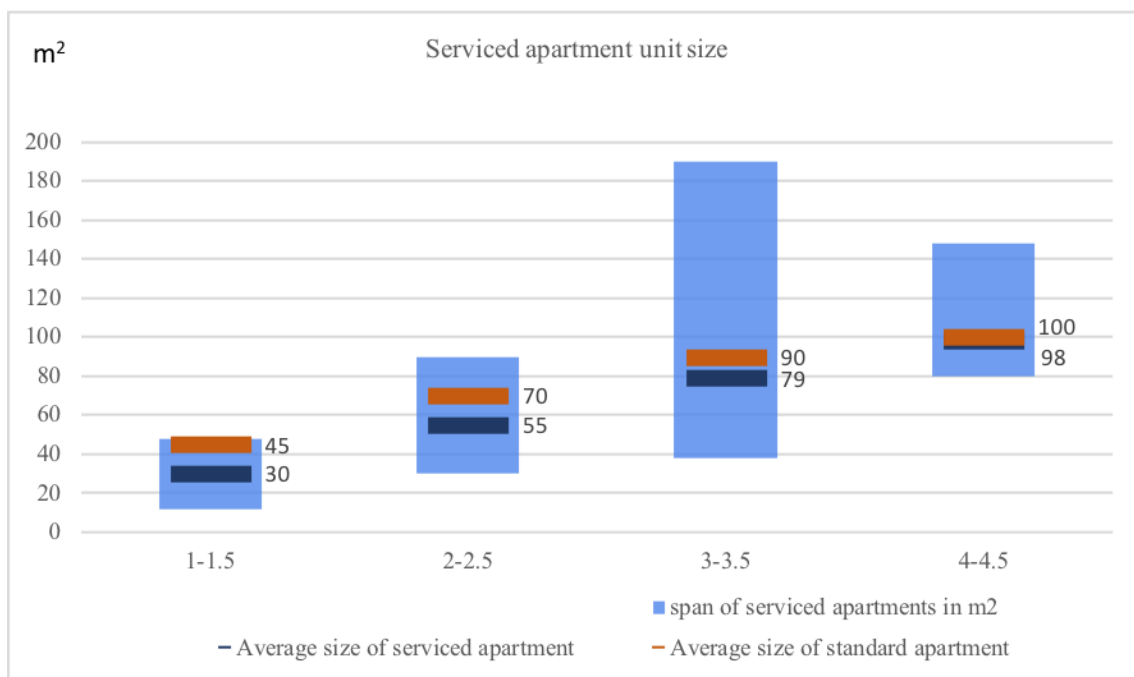


Figure 13: Serviced apartment unit size in m² (see pabs.ch, 2018; ema-house.ch, 2018; guggach, 2018; visionapartmnets, 2018; glandon-apartments, 2018; gustav-zuerich, 2018; acasasuites, 2018; serviced-apartments, 2018; app.thehomelike, 2018; FPPE, 2018)

The above results (figure 13) show the most space is saved up in the smaller apartment typologies. In the bigger apartments, where the number of rooms increases, space demand increases accordingly, and after a certain point, although household is being outsourced and services are offered, space cannot be contracted.

4.4 Price

For this section, prices of all sample apartments have been examined, regardless of the service package that they offered. In this part, all prices have been included in order for us to build up the rental price range of serviced apartments. As for the standard apartments, the price range of rental apartments in Zurich for the 1st quarter of 2018 from Wüest Partner has been used.

All prices shown in figure 14 for both categories are gross-rent prices including additional costs and charges.

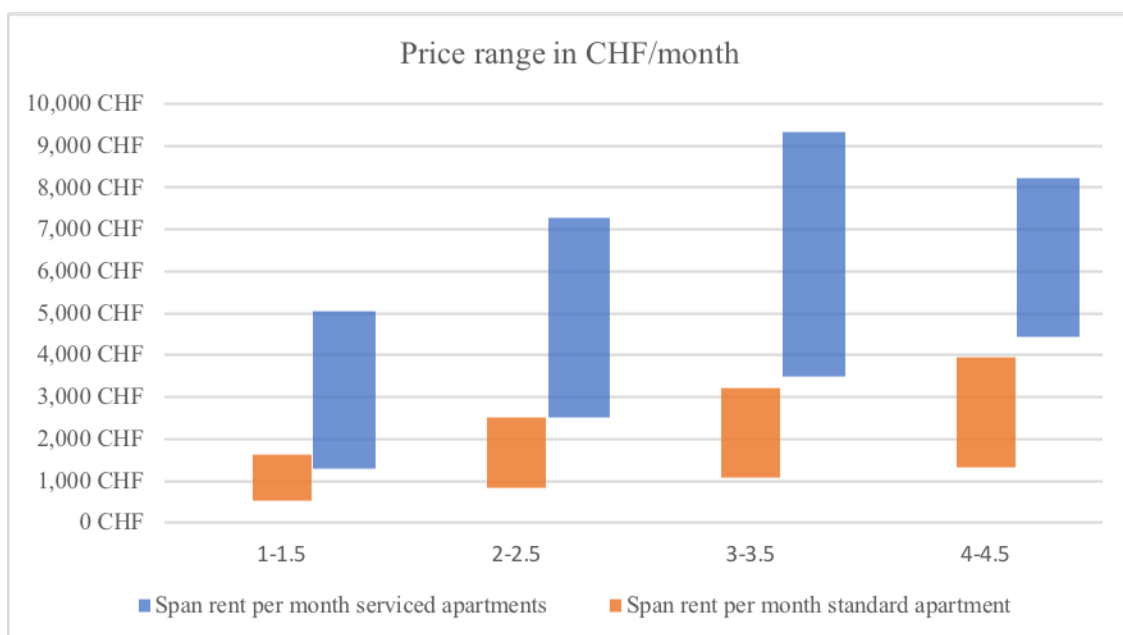


Figure 14: Rent price according to the apartment size in CHF/m (see pabs.ch, 2018; ema-house.ch, 2018; guggach, 2018; visionapartmnets, 2018; glandon-apartments, 2018; gustav-zuerich, 2018; acasasuites, 2018; serviced-apartments, 2018; app.themelike, 2018; homegate, 2018; Wüest Partner, 2018)

The study showed, that the price range of serviced apartments lies higher than the price range of standard apartments. More specifically, the high-end market prices for a standard apartment are considered low end for the serviced sector. Additionally, the span within prices in the serviced sector is much larger than the standard apartment sector. A reason for that is that each provider offers different services and charges different prices for them. As seen previously in figure 6, rental prices can have an additional price charge of up to 50% according to the services they offer. This factor

generates a much larger price span as in the standard apartment sector. Location and provider brand can also add up to the price range.

In order to form a clearer image for the prices around Zurich, we have examined and compared the different prices of the main apartment typologies in every district, in detail (figures 15-17). For comparison purposes, the Median prices for each district, for the standard apartments have been taken from Fahrländer Partner. These prices were originally net-rent prices, but for the purposes of the study, they have been recalculated into gross-rent prices as described in chapter 3.3.

4.4.1 Rental price 1-1.5 Bedroom apartments

According to the sample, the highest rental prices for the 1-1.5-bedroom apartments have been found in districts 6 and 8. As seen in chapter 4.2, these are also the districts with the most serviced apartments within them. In these two districts prices can reach up to 5.000 CHF/p.mo for a 40m² 1-1.5-bedroom apartment. These higher prices can be found mostly in apartments that are also offered for one night and have higher rates due to this time flexibility. District 6 is also the district with the lowest rates, reaching 1.300-1.500 CHF/p.mo for apartments up to 20m² that only offer a basic services package and no time flexibility.

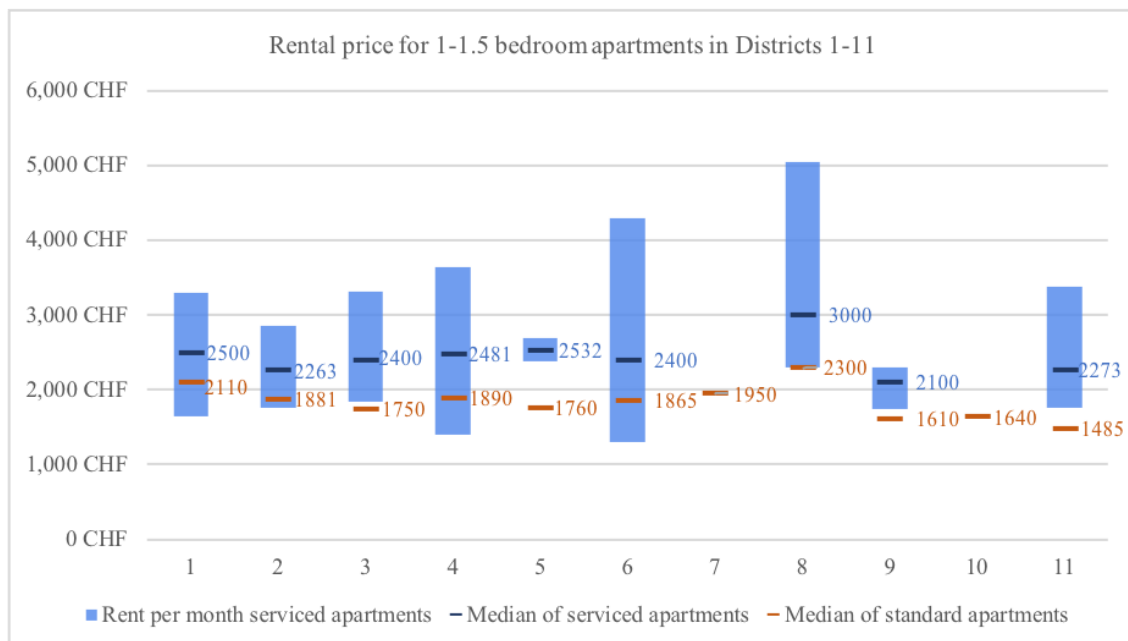


Figure 15: Rental price for 1-1.5-bedroom apartments in every district (see pabs.ch, 2018; ema-house.ch, 2018; guggach, 2018; visionapartmnets, 2018; glandon-apartments, 2018; gustav-zuerich, 2018; acasasuites, 2018; serviced-apartments, 2018; app.themelike, 2018; homegate, 2018; FPRE, 2018)

In all districts, 1-1.5-bedroom serviced apartments cost on average from 2.200 to 2.500 CHF/p.mo with the exception of district 8, which lies around 3.000 CHF/p.mo. These average prices are from 400 CHF up to 1.000 CHF higher than the average prices of a standard apartment in the same district. The reason for this extremely high prices in district 8, in comparison to the other districts, is that the area of Seefeld is one of the most expensive areas to live in Zurich in general, so serviced apartments have a higher price in this area accordingly.

As it can be noticed, the median prices of serviced and standard apartments are accordingly high and low in the same districts, showing that the serviced market is more expensive, but still reflects the price tendencies of the standard apartments in Zurich. For example, districts 1 and 8 have the highest median prices in both categories.

4.4.2 Rental price 2-2.5 Bedroom apartments

For this apartment category, the largest price range and highest prices have been noticed in districts 4 and 8. In both districts, these high prices have been noticed in serviced apartments available for daily rental, where prices are calculated per night and can reach hotel prices with an average charge of 170 CHF per night. “Gustav” serviced apartments, one of the most high end providers in terms of tailored services and amenities, are located in district 4, setting the median prices of the district higher in comparison to other districts.

In district 8, on the one hand prices are higher due to location and on the other hand, serviced apartment providers that offer contract flexibility and shorter-term accommodation are located in this district, pushing the prices even higher. In general, it can be noticed that districts can show irregular higher prices due to their geographic location or the type of serviced apartments that are located in the area.

As it can be seen in the figure 15 below, the median prices for this apartment category have a bigger difference between serviced and standard apartments than in the 1-1.5-bedroom apartments. A reason for that is that the apartment sizes in this category have a bigger span than in the previous one, with apartments reaching 90m², a space that could also be considered as a 3-3.5-bedroom apartment. As space grows, prices follow accordingly. In this category, district 6 lies within the average price range with a median of 3.600 CHF/p.mo, in contrast to the previous category. The lowest prices are around 2.600 to 2.700 CHF/p.mo for apartments offering the basic serviced package and a minimum stay of three to six months.

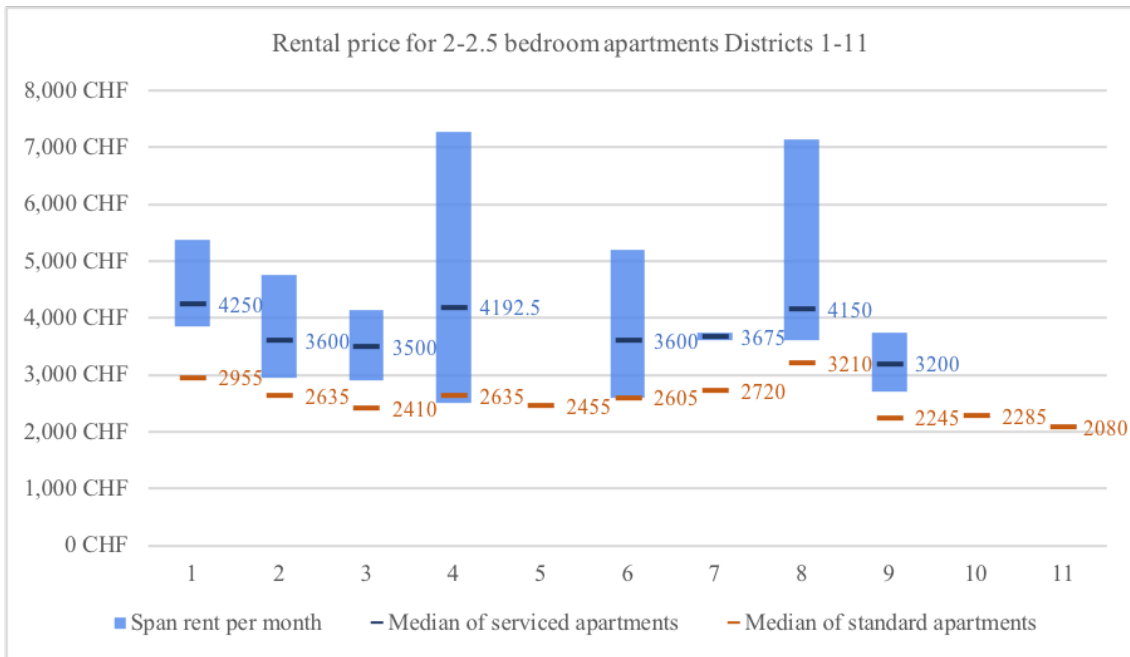


Figure 16: Rental price for 2-2.5 bedroom apartments in every district (see pabs.ch, 2018; ema-house.ch, 2018; guggach, 2018; visionapartmnets, 2018; glandon-apartments, 2018; gustav-zuerich, 2018; acasasuites, 2018; serviced-apartments, 2018; app.thehomelike, 2018; homegate, 2018; FPRE, 2018).

In this category, it can also be noticed that the median prices are high and low accordingly in each district, following the market trends. Additionally, the difference between the average price of a standard apartment and a serviced one is around 1.300 CHF, a bit higher than in the previous section.

4.4.3 Rental price 3-3.5 Bedroom apartments

In the 3-3.5-bedroom apartment category, the highest prices are noticed in district 4 and 11. In this apartment size, the differences in price from one district to the other can vary in up to 4.000 CHF/p.mo. The reason for this span is that this apartment size is offered either with a fully serviced package, or just with a basic one. Prices from 6.500 CHF/p.mo up to 9.200 CHF/p.mo can be found in apartment typologies like “Acasa Suites” in district 11, “Ema house” in district 8 and “Gustav” in district 4, all on the higher end of serviced living, offering fitness, concierge, and spa facilities included in the price. Some of the lowest prices can be noticed in the “pabs” serviced apartment concept, with prices varying between 3.500 CHF/p.mo and 4.000 CHF/p.mo. It is worth mentioning that the apartment prices of this brand are similar throughout the different districts, regarding the exact location of each property.

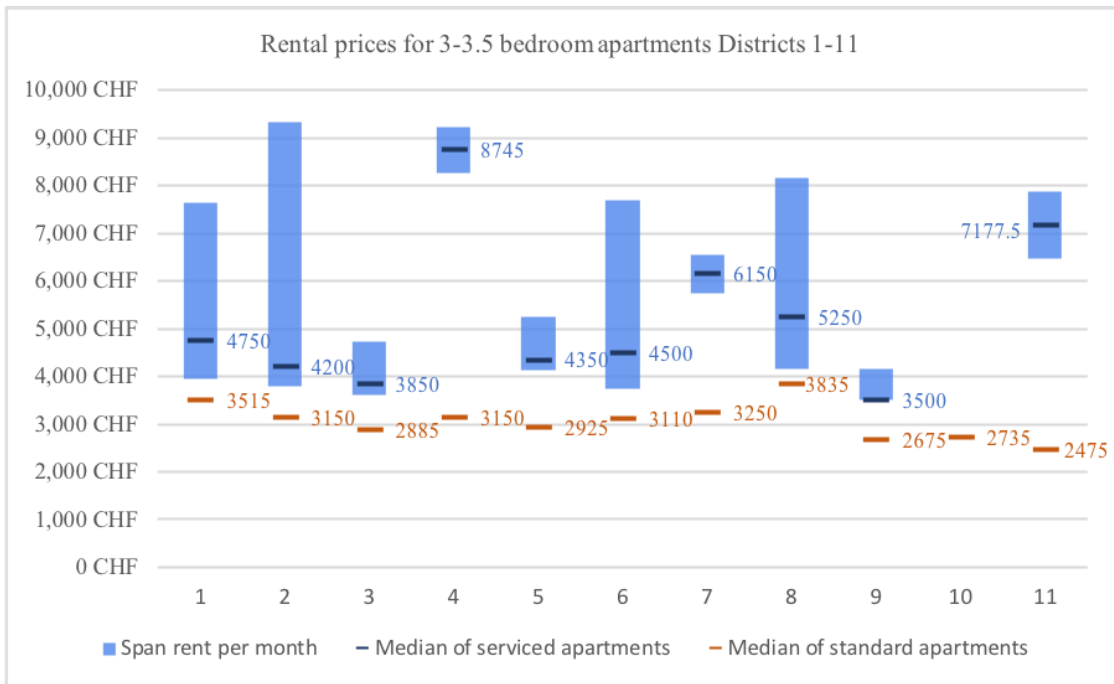


Figure 17: Rental price for 3-3.5 bedroom apartments in every district (see pabs.ch, 2018; ema-house.ch, 2018; guggach, 2018; visionapartmnets, 2018; glandon-apartments, 2018; gustav-zuerich, 2018; acasasuites, 2018; serviced-apartments, 2018; app.thehomelike, 2018; homegate, 2018; FPRE, 2018)

Serviced and standard apartments have the biggest diversification in this category. In district 7, for example, the average rent price of a standard apartment lies at 3.050 CHF/p.mo, while the serviced apartments in the same area cost around 6.150 CHF/p.mo. The smallest differences are noticed in districts 2 and 3 where the average price of a serviced apartment is around 1.000 CHF more than the price of a standard one. On the contrary, districts 4 and 11 show the biggest gap between the average prices of the two typologies. The reason for that is again, that these prices represent two of the most exclusive serviced apartments that have been part of the sample. The 3.5-bedroom apartments in district 4 are between 96 and 120m², another factor that adds up to the price, and cost approximately from 8.000 to 9.000 CHF/p.mo. District 11 faces the same phenomenon, with 3.5-bedroom apartments from 66 to 80m², costing from around 6.500 to 8.200 CHF/p.mo. That is the reason why prices in these districts are much higher than the average price of a standard apartment.

4.4.4 Rental price 4-4.5 Bedroom apartments

This apartment category had only 8 apartment samples and therefore has not been examined in detail. The study showed that this apartment size is very rare in the

serviced apartment sector, and thus comparisons to the standard apartments would not be plausible, due to the small number of the apartments.

It is worth mentioning that, surprisingly, the price of the 4-4.5-bedroom serviced apartments is lower than the one of the smaller apartments, with an average rental price between 4.400 and 5.800 CHF/p.mo, while the average price for a standard apartment in this category, is between 3.000 and 4.200 CHF/p.mo.

4.5 Services

For this part of the study, serviced apartments have been combined into three main categories, which then have been compared with each other, in order to investigate if rent price changes according to services and if yes to what extent. An important parameter for this part, was to figure out which serviced apartments combine with each other, so that the sample groups are representative for each apartment typology. As a result, three main categories have been created:

- Category 1/ Basic: (low service level) Serviced apartments offering the basic package of furnishing, cleaning service, internet and all additional costs. This category includes **only apartments offered on a minimum stay of one to six months** depending on the provider.
- Category 2/ Basic+: (medium service level) Serviced apartments offering the basic package of furnishing, cleaning service, internet and all additional costs, as well as services such as reception and change of linen. An important figure of this category is that **apartments are offered for a shorter period of time, starting from five to 28 days** depending on the provider.
- Category 3/ Basic ++: (high service level) Serviced apartments offering except for the basic package, a majority of other services, such as fitness facilities and spa, concierge and night time security. In this category there is the possibility to provide **custom-made services according to the tenant needs**. Apartments in this category are offered for a minimum period of one to six months according to the provider.

According to the above criteria and specifications, the sample data have been grouped in the following categories:

Basic	Pabs, Vision apartments, Guggach apartments, Service apartments, Nest apartments, Glandon apartments
Basic +	City stay apartments, Ema house, aas apartments
Basic ++	Acasa suites, Gustav

Table 2: Categorisation of providers according to service package

In the 1-1.5-bedroom apartment typology, apartments have been found only in the basic and basic+ category. The Basic + category has an average rent of 2.900 CHF/p.mo and is 15.3% more expensive than the Basic one which costs on average 2.454CHF/p.mo for this apartment size. As for the 2-2.5-bedroom apartment category, apartments have been found in all three categories. Here, the basic+ category is 8.7% more expensive than the basic one with rents costing 4.0563 CHF/p.mo and 3.700 CHF/p.mo accordingly. The biggest price surcharge is noticed in the price difference of the basic ++ category, with an average rent of 5.873 CHF/p.mo, which costs 36.9% more than the basic one and 30.4% more than the basic +. Finally, in the 3-3.5-bedroom apartments category, the difference in price between the basic + and basic category is of 13.4%, while the biggest price differences are also noticed in the basic ++ category, where services cost 41.2% more than the basic category and 32.1% more than the basic +(figure 18). Detailed diagrams for each category can be found in appendix III.

The results show that contract flexibility and the ability to stay for a shorter amount of time in a service apartment, add up 13-15% of the monthly rent. Additionally, having personalised services, as well as access to fitness, spa and concierge facilities, can potentially cost up to 41% more than the basic price of a serviced apartment. For example, the average rent for a 1-1.5-bedroom apartment with a fix contract for six months is 3.700 CHF/p.mo, while the same apartment typology with contract flexibility and minimum stay for five nights can cost on average 4.056 CHF/p.mo. As for the 3-3.5-bedroom apartment, an apartment with basic services can cost in average 4.670 CHF/p.mo, while the same apartment typology in the basic ++ category can cost 5.400 CHF/p.mo and in the basic ++ category 7.900 CHF/p.mo.

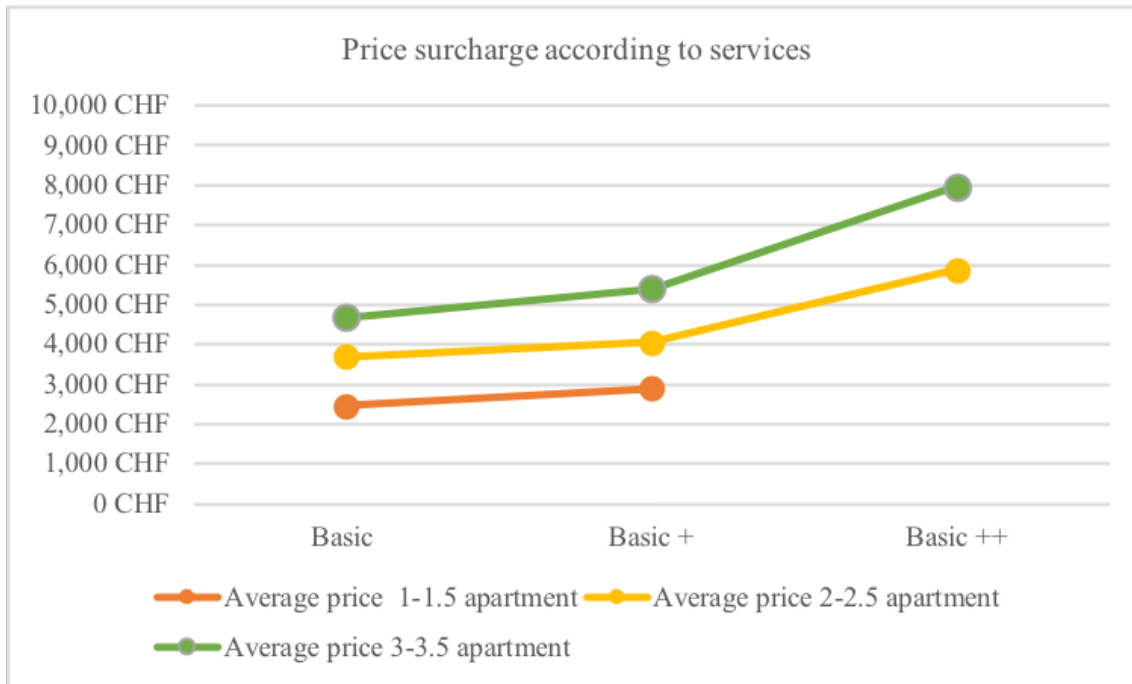


Figure 18: Price surcharge according to service package (see pabs.ch, 2018; ema-house.ch, 2018; guggach, 2018; visionapartmnets, 2018; glandon-apartments, 2018; gustav-zuerich, 2018; acasasuites, 2018; serviced-apartments, 2018; app.thehomelike, 2018; homegate, 2018; FPPE, 2018).

4.6 Density

For this section a comparison between the living area (m^2) of serviced apartments the living space (m^2) of standard apartments for every district has been made. Zurich has reported to have 15 Million m^2 of living space in total, distributed in the different districts (Präsidialdepartement der Stadt Zürich, 2003, p. 23). The sample of serviced apartments used for the study, take over a total living space of 22.524 m^2 also distributed in the different districts of Zurich.

The diagram below (figure 19) shows in percentages how this living space is distributed in the different districts of Zurich. The findings show that space of standard apartments is equally distributed in the different districts, with larger district like 6,9,10 and 11 having more living space than the smaller ones such as district 1 and 5. Interestingly, serviced apartment space is not equally distributed. Living space follows demand, as more apartment space can be found in central districts like 3 and 8, while districts outside the city centre, like 10 and 11, have less serviced living space, although they are larger districts.

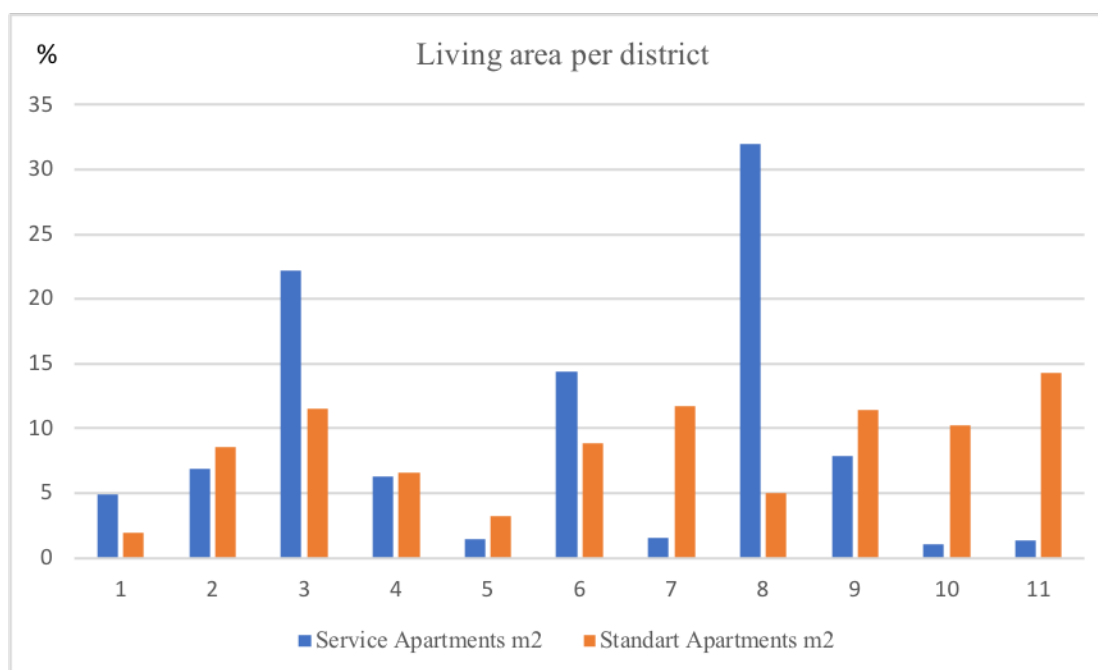


Figure 19: Percentage of living space (m²) distributed in the districts of Zurich (see pabs.ch, 2018; emahouse.ch, 2018; guggach, 2018; visionapartmnets, 2018; glandon-apartments, 2018; gustav-zuerich, 2018; acasasuities, 2018; serviced-apartments, 2018; app.thehomelike, 2018; Präsidualdepartement der Stadt Zürich).

4.7 Hypothesis verification

Hypothesis I: There is a positive correlation between services and rent price.

This hypothesis has been verified in chapter 4.5. The study results showed that all the apartment typologies, from 1-1.5-bedroom apartment to the 3-3.5-bedroom apartments appear to have an increasing price surcharge as services increase. The biggest changes in price appear between the basic serviced apartments and the serviced apartments that offer customized services.

A positive correlation between prices in standard apartments and prices in serviced apartments of the same room size has also been noticed. The sample showed, that 1-1.5-bedroom standard apartments have a rental price span from 540 CHF/p.mo to 1.630 CHF/p.mo, while serviced apartments of the same typology start at 1.300 CHF/p.mo reaching up to 5.040 CHF/p.mo. These results show that there is a strongly positive correlation between price and services. In this particular example, as soon as services are offered, prices are up to three times higher than when services are not on offer.

In 2-2.5-bedroom apartments, the hypothesis is also verified. In this category, standard apartments have a price span from 840 CHF/p.mo to 2.520 CHF/p.mo, while as soon as

services get included in the price charge, prices climb up, fluctuating between 2.500 CHF/p.mo and 7.270 CHF/p.mo. These price numbers also show that according to the services offered, one could pay up to three times more than the price of a standard apartment of the same size. The results show the same correlation in the 3-3.5 and 4-4.5-bedroom apartments where rental prices with services can cost up to 9.321 CHF/p.mo, when the same apartment without any services could cost up to 3.960 CHF/p.mo (figure 13).

The above findings show that there is a positive correlation between services and rental price, not only within the serviced apartment segment, but also between the standard and serviced apartment categories. As soon as services are offered, rental prices could go three times up according to the service package.

Hypothesis II: There is a difference between the square meter area of a serviced apartment and the area of a standard apartment of the same number of rooms.

This hypothesis has been verified in chapter 4.3. The sample showed that serviced apartments are smaller in size than the standard apartments of the same room number. The difference in m² is bigger in the smaller apartments and tends to be smaller as the room size increases. The results of the study showed that the biggest difference was in the 1-1.5 as well as 2.25-bedroom apartments, where serviced apartments appeared to be 15m² smaller than the standard apartments, followed by the 3-3.5-bedroom apartments with 10 m² less. The 4-4.5-bedroom apartments did not show a difference between the two categories, as both serviced and standard apartments appeared to be around 100m².

The results showed that serviced apartment typologies are more compact and space efficient than the standard apartments regarding to 1-1.5 and 2-2.5-bedroom apartments. Serviced living typology offers outsourcing of household in exchange for less living space. The idea is that tenants need only a small private space, as all activities take place outside. On the contrary, standard apartments tend to offer more space, as all activities take place within the apartment. The apartment is a place to meet up with the family members, do housework and various social activities. Serviced apartments serve the need to sleep and have a private space but not the need to socialise and communicate. That takes place outside. These fundamental concept differences can also help to explain and verify that there is a difference between the square meter area of a serviced apartment and a standard apartment of the same room size.

Hypothesis III: There is a negative correlation between density and apartment size.

As presented in chapter 2.6, occupancy density rates in Zurich are 45m² per person. Furthermore, studies show that occupancy density in smaller apartments is smaller in contrast to bigger apartments. The reason for that is that one-person households' rooms, such as the kitchen, living room and bathroom, are used only by one person and are not shared as in other household typologies. As a result, people living alone consume more space than people who share a home.

The case of serviced apartments though showed otherwise. 1-1.5-bedroom apartment typologies are on average 30m², 15m² less than the average occupancy density in Zurich. The same can be noticed for the 2-2.5-bedroom typologies. The 3-3.5-bedroom typology lies at 79m² but, taking into consideration that this typology has normally at least two occupants, the occupancy density here is around 40m² per person, 5m² less than the average occupancy density rates.

That means that the *Hypothesis III* has been partially verified. The sample of serviced apartments showed that the smaller the apartment, the higher the occupancy density is. The theoretical research on standard apartments though showed otherwise. *Hypothesis III* has not been verified for the standard apartment typologies. As seen in chapter 2.6, the smaller the apartment, the smaller the occupancy density is, due to the fact that rooms like the kitchen, living room and bathroom are not shared as in the bigger apartment typologies.

4.8 Research question verification

4.8.1 How does serviced-living impact the rental market?

The main focus of this thesis, as the title reveals, is to analyse the impact of serviced apartments and their density in the rental market of Zurich. Since impact is not a value and cannot be measured, the above empirical research of the different aspects of serviced apartments can help us form an opinion on whether serviced apartments constitute an important market sector in the city of Zurich and if yes, to what extent they affect the rental market situation.

Impact in a way can be measured according to the demand and return on capital that an investment generates. Serviced apartments show high demand in Zurich. Additionally, as presented in chapter 2.3, serviced apartments appear to have higher earnings, although they have higher costs than standard apartments. In 2016, their gross return on

capital was 6%, 0.8% higher than standard apartment investments. That shows that the investments in this sector are viable with an impact on the rental market.

As seen in the theoretical part, there is a constant increase in the single-person households. Additionally, studies have shown that the Swiss market needs either smaller than 3-3.5- or 4-4.5-bedroom apartments (chapter 2.3). Figure 11 of the empirical study showed, that serviced apartments supply the market mostly with 1-1.5 and 2-2.5-bedroom apartments, which is exactly the opposite apartment size of what standard apartments have to offer. As a result, serviced apartments offer typologies that are on demand, as the theoretical study showed. Current offer from standard renting apartments is not covered by the apartments available in Zurich, so one could say that serviced apartments act complementary to standard apartments on the market.

Serviced-apartments can offer customized services to follow living with many dimensions. As seen in figure 12, they are located on prime districts of Zurich, offering people the ability to live centrally, have good transportation connections and be located in the centre of all cultural activities within the city. Additionally, today's families consist mostly of partners that both work, meaning that outsourcing of housework has started to become a necessity for the modern family.

The factor price, as analysed in figure 14, shows that serviced apartments refer to higher earners since their price range is higher than the price of a standard apartment. According to the FRPE, people living in Zurich are people of higher education, that earn more money than an average Swiss person in another city (chapter 2.5), meaning that Zurich is a market for such an apartment typology. Furthermore, the empirical study showed that most of the sample apartments were fully occupied at the time of the research.

At this point, it is worth mentioning that due to their high rental prices, serviced apartments could help in the creation of wealth in the areas being built. As high earners move in a specific area, the area would also benefit and bloom from the typologies and tenants living in the specific area.

On a next step, the impact of serviced living on society is also worth mentioning. Serviced apartments create new work prospects in the area where they are built. All this household outsourcing takes people to run the logistics in house (cleaning ladies, reception etc) as well as companies that would complete the tasks outside the house (such as dry cleaning, catering etc). All these service packages could create new

working positions and job contracts for local companies. These new work prospects could have a big impact on society, as unemployment is a problem that most societies face nowadays.

Finally, this business model is profitable for the operators, making it an attractive investment. As seen in figure 18, as services are becoming customized and serviced-packages offer more options, rental prices are going up. Of course, the higher the services, the more the costs for the operator. According to the theoretical research though (chapter 2.4), gross return on capital for serviced apartments in 2016 was 6.0%, 0.4% higher than the average return of a residential building and 0.8% higher than the average rental apartments in the big Swiss cities.

As a result, one could say that the impact of serviced apartments is multi-faceted. This new living concept can affect the choice location, space and the way someone allocates their time, creating a customized living concept according to the individual needs. The impact of serviced living is not only noticeable on the rental market, but also on the socioeconomic development of the areas where serviced apartments are located.

Although it is still a growing sector in Switzerland and more specifically in Zurich, it already has an impact on the rental market that will for sure grow in the future, as the number of serviced-apartments is increasing year by year.

4.8.2 What is the impact of serviced living on density?

As analysed on the theoretical part (chapter 2.6), occupancy density in Zurich is not as high as someone would expect. Although new buildings are coming into the market, the space area is being allocated in fewer apartments, rather than more and therefore, smaller apartments. Occupancy density lies at around 45m² per person, with studies showing that in smaller apartments occupants tend to consume more space than in bigger ones, as spaces like the kitchen and living room are not shared.

With this background, someone would expect that serviced-apartments have a low occupancy density, as their major target group is the one-person households, which according to theory, consume more space. Figure 13 though, shows otherwise. The average space of a 1-1.5-bedroom serviced-apartment is 30m², 15m² less than the average occupancy density in Zurich. Accordingly, 2-2.5-bedroom serviced-apartments have an average size of 55m². Considering that this apartment typology refers to a two-person household, the occupancy density per person in this category is 27.5m² on

average. The 3-3.5 and 4-4.5-bedroom typologies do not show big differences to the standard apartments.

It is important to mention that the more the number of rooms in an apartment, the harder is to figure out how many people live in it. With other words, a 3-3.5-bedroom apartment can theoretically accommodate three to four people, in reality though many people rent such apartments and live on their own. The possibility that serviced apartments are higher in density than the standard apartments is higher, as they offer small apartment typologies for one or two people, so they can be easier fully inhabited in contrast to the larger standard apartments.

The study within the serviced apartments showed that these typologies and especially the studios and 1.5-2.5-bedroom apartments tend to use space more efficiently. As they offer a variety of services, they cut down on space, offering only the minimum space area needed to live.

Although occupancy density is hard to measure, the sample that was investigated showed that serviced apartments consume less space in contrast to standard apartments, impacting the effort for higher density within the urban context. As development scenarios for the city of Zurich for 2030 from FPRE show an increase of 20.7% in the city's population, serviced-living as a form of denser living could help to further develop living possibilities within the existing urban grid.

As a result, it is noticeable that higher density could be achieved, when living space consists only of the minimum space needed for someone to live. Because this area number could vary according to the individual needs, serviced living offers a standard living space and then gives the chance to the individuals to add the living functions that they need through service packages. Other living models, where people could share spaces and functions so that the living costs could come down, could be adapted to this concept as well and, at the same time, occupancy density could come up.

5. Evaluation

5.1 Summary of findings

Concept-variations	Classic serviced apartments	Serviced aparthotel	Exclusive serviced residences
Concept	Homelike living in focus	Home away from home / apartment hotel	“Residing in style” / services in focus
Character	Fully furnished & equipped apartments without service flexibility	Fully furnished apartments offering contract flexibility	Custom made service experience
Apartment type	Mostly 1-1.5 / 2-2.5 and a few 3-3.5 / 4-4.5-bedroom apartments	Mostly 1-1.5 / 2-2.5 and a few 3-3.5-bedroom apartments	Mostly 2-2.5 / 3-3.5 and a few 4-4.5-bedroom apartments
Average space m ²	48.2 m ²	50.6 m ²	80 m ²
Location (districts)	1, 2, 3, 4, 6, 8, 9, 11	2, 3, 4, 6, 8, 10	4, 11
Minimum stay	1 month	1 week to 1 month	1 to 6 months
Included services	cleaning service once a week, Wi-Fi	cleaning service once a week, change of linen, Wi-Fi	24h reception & concierge, night-time security, weekly apartment cleaning service, caretaker service for minor assistance, use of the gym & spa
Additional services	Parking, laundry & dry cleaning	Parking, laundry & dry cleaning, gym	maintenance of your apartment during long absences & hair salon, limousine service etc.
Target group	Singles, Expats, Business people working remotely & not in need of much space	Travelers, Expats, Business people working for a specific time away from home	Singles & couples with higher income
House size	Mostly > 200 units per operator	Mostly < 100 units per operator	Mostly < 50 units per operator
Category classification	Basic	Basic +	Basic ++

Table 3: Serviced living categorisation

The empirical part has shown that serviced living can be categorised according to the services and amenities offered. Although it is a product with a specific target group, variations within the group can be found as providers or locations change.

Findings about the impact of serviced apartments on price, size, choice of location and unit mix, as well as their impact on the rental market in the city of Zurich, have been presented in the previous chapter. In order to cover the entire research of this thesis, it is important that we summarise what serviced living in Zurich offers, what categories can be found within the sector and which the special characteristics of each category are.

For the purposes of the thesis, a personal categorisation has been applied and presented in chapter 5.1, always using as basis the empirical findings of the study.

5.2 Discussion

The thesis' conclusions are based on apartments spread out in different districts of the research area, in order for the results to be representative (figure 10). One fifth of the total amount of serviced apartments in Zurich has been sampled and analysed for the purpose of this empirical research. Nevertheless, as serviced apartments have been categorised in different groups and have been compared to each other, it seems plausible that we can apply the above conclusions to the whole city of Zurich.

The main findings of the thesis confirm that serviced living is more compact in terms of rental area, offers greater flexibility and is centrally located. These characteristics result in serviced living costing two to three times more than a standard apartment in Zurich. Due to the high rental cost, serviced living targets specific tenant groups that can afford to pay such high rents. The usual serviced apartment mix restricts the target group to single and two-person households and consists of one- to two-bedroom apartments, approximately by 77.5% (figure 11).

The impact of serviced living and density on Zurich's rental market manifests itself in different aspects such as the social, economic, and urban planning. It still needs to develop further as a segment for the rental market but, due to the high demand, as well as the cash flow that it potentially generates, it is safe to assume that its impact will be remarkable for the foreseeable future.

It would be interesting to examine whether the principles of serviced living will have an impact on the future of rental markets, and to investigate its transformational influence

on the quality and extent of rental living in the city of Zurich. Typical residential buildings of the past 20 years offered a “well-being oasis”, with standard functional areas and room forms such as sleeping, cooking/dinning, hygiene, living, office or recreation room. In the recent years though, it has been evident that formerly separated functions of living and working have merged spatially and functionally.

Serviced apartment developers could have the potential to modify the future of housing, in that functions that are currently static and attributed to specific spaces in an apartment, will become more and more mobile and spatially independent. This mobility could further decrease the demand of static living space and increase the need for interactions in public spaces. Should the private room get increasingly smaller, the occupants will seek compensation. As outsourcing services for every single individual can be costly, the core idea of serviced living could be used and applied in more communal spaces, where people share functions and interact with each other. In other words, services could be provided collaboratively. This could allow for increased high density taking advantage of the structure for serviced apartments. Concurrently, it would broaden the target group for serviced living.

Living hinges around the opposition of immobility and mobility. Additionally, digitalisation and modern lifestyles, have allowed society to be less dependent on a permanent physical location and this has led to an increasingly nomadic lifestyle, which makes elements of serviced living interesting for the housing development. Although the core living space is immobile as physical hardware, services can be flexible. Further developments of the serviced living concepts could maximise the flexibility and the mobility adapting to the ever-changing living rhythms as well as their manifestations in social and lifestyle modifications.

Individualisation is an important aspect of our times. Consequently, individualisation of living, according to one’s lifestyle preferences, is becoming more and more important. One could argue that in the future, people will no longer live in a street or house with a number, but rather in a “Label Building” (e.g. James building). That opens the market for international residential networks, where living reflects individuality and personal needs. Serviced living will be a core part of such developments, where custom made services will be part of the residents everyday living.

In conclusion, serviced living has many facets, and they could be applied in different living forms, starting from collaborative living up to exclusive, branded living concepts.

Following mobility, digitalisation and individualisation, this living sector has the potential to evolve and get further developed to meet the demands of future ways of living.

5.3 Open questions, ideas for future research

Time will offer the proof for these findings. It would be therefore interesting, to repeat the investigation in ten years' time, and examine how serviced living will have been developed in Zurich. How will rental prices have been developed due to the increased competition? Will Zurich have adopted new living concepts and will outsourcing of household services have become an increasing necessity? It would be interesting to see, whether the serviced apartment sector manages to take over a bigger part of the rental market in Zurich- a fact in many other European cities.

Another aspect that would be interesting to investigate is whether the core idea of the serviced apartment concept, the idea of outsourcing, has been applied in the agglomeration areas as well and not only in cities and if so, which target groups did it affect.

6. Bibliography

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7. Appendix I: List of objectives for all sample data

Name of the apartment:	
Source:	
Location:	
Provider:	
Apartment unit size (m ²):	
Price (CHF/p.mo):	
Prices include:	
Prices exclude:	
Contract duration:	
Standard Services (included in price):	
Additional Services (extra charge):	

8. Appendix II: Raw data

List of data gathered for the empirical study:

Provider	District	Address	Rooms	Space (m ²)	Price
1.Pabs ¹					
	1	Grossmünsterplatz 1	2.5	65	3'850
	1		1.5	36	3'300
	1	Grossmünsterplatz 3	2.5	65	3'950
	1	Münstergasse 14	3	75	3'950
	1	Storchengasse 12	3	75	3'950
	1		1	16	1'650
	1		1	18	1'750
	1		1	25	2'500
	1		1	30	2'700
	1		1	21	2'400
	1		1	16	1'650
	1		1	18	1'750
	1		1	25	2'500
	1		1	30	2'700
	1		1	21	2'400
	1		1	16	1'650
	1		1	18	1'750
	1		1	25	2'500
	1		1	30	2'700
	1		1	21	2'400
	2	Kurfürstenstrasse 18	1.5	40	2'850
	2	Lavaterstrasse 71	3.5	80	4'750
	2	Staubstrasse 3	3	70	3'950
	2		3	70	3'950
	2		3.5	78	4'250
	2		3	67	3'950
	2		3.5	78	4'250
	3	Bremgartnerstrasse 82	1	30	2'400
	3		1	30	2'400
	3	Giesshübelstrasse 68	3.5	70	3'700
	3		3.5	70	3'700
	3	Töpferstrasse 44	3	65	3'600
	3		2	55	3'300
	3		4	85	4'450
	3		3	65	3'600
	3		2	55	3'300
	3		4	85	4'450
	3		3	65	3'600
	3		2	55	3'300
	3		4	85	4'450
	3	Werdstrasse 121	2	55	3'300
	3		3.5	76	3'850

¹ Source: <http://www.pabs.ch/index.asp?inc=furnished-flats-zurich.asp> (accessed 04.2018)

	6		1	30	2'400
	6		1	30	2'400
	6		1	30	2'400
	6	Weinbergstrasse 68	3	78	4'250
	6		1.5	35	2'800
	6		1.5	35	2'800
	6		1.5	35	2'800
	6		1.5	35	2'800
	6		1.5	35	2'800
	6		3.5	80	4'750
	6		1.5	35	2'900
	7	Klosbachstrasse 43	2.5	60	3'600
	8	Baustrasse 32	3.5	82	4'900
	8		3.5	87	4'750
	8	Dufourstrasse 85	3.5	72	4'900
	8	Floralstrasse 28	2	62	4'000
	8		1.5	42	3'000
	8		3.5	88	5'250
	8		2.5	68	4'300
	8		1.5	42	3'250
	8		3.5	94	5'750
	8		2.5	68	4'300
	8		1.5	42	3'250
	8		3.5	94	5'750
	8		2.5	68	4'300
	8		1.5	42	3'250
	8		3.5	94	5'750
	8		2.5	68	4'300
	8		1.5	42	3'250
	8		3.5	94	5'750
	8		2.5	68	4'300
	8		1.5	42	3'250
	8		3.5	94	5'750
	8		3	78	5'500
	8		3	78	5'500
	8	Fröhlichstrasse 51	2.5	58	3'850
	8		2.5	58	3'850
	8		2.5	58	3'850
	8	Hammerstrasse 10	2.5	65	3'700
	8	Höschgasse 38	3.5	87	5'350
	8	Höschgasse 50	3	85	4'750
	8	Höschgasse 68	3.5	85	5'250
	8		3.5	85	5'250
	8		3.5	85	5'250
	8	Mainastrasse 18	2.5	60	3'750
	8		2.5	60	3'850
	8		2.5	60	3'850
	8	Mühlebachstrasse 30	1.5	40	3'000
	8		2.5	70	4'250
	8		2.5	68	4'250
	8		2	55	3'750

	8		3.5	80	5'050
	8		2.5	70	4'250
	8		2	55	3'750
	8		2	55	3'850
	8		2.5	70	4'300
	8	Mühlebachstrasse 48	2	50	3'600
	8		2	50	3'700
	8	Mühlebachstrasse 50	1.5	35	2'800
	8		3	70	4'150
	8		1.5	35	2'900
	8		1.5	35	2'900
	8		2.5	70	4'150
	8	Münchhaldenstrasse 15	2.5	55	4'000
	8		2.5	55	4'000
	8		2.5	58	4'000
	8		2.5	58	4'000
	8	Ottenweg 19	1.5	48	3'000
	8		1.5	48	3'000
	8		2.5	57	3'600
	8	Russenweg 12	1	33	2'300
	8		1	33	2'300
	8	Säntistrasse 4	2.5	55	3'850
	8	Seefeldstrasse 139	1.5	35	2'800
	8		1.5	35	2'800
	8	Seefeldstrasse 141	3.5	95	4'750
	8	Seefeldstrasse 184	2.5	64	3'850
	8	Seefeldstrasse 26	2.5	60	3'750
	8	Seefeldstrasse 32	1.5	36	2'750
	8		1.5	36	2'800
	8		1.5	36	2'900
	8		2	53	3'700
	8	Seefeldstrasse 34	1.5	36	2'750
	8		1.5	36	2'800
	8		2.5	72	3'850
	8		1.5	36	2'850
	8		1.5	36	2'900
	8	Seefeldstrasse 83	4.5	110	5'750
	8		4.5	110	5'750
	8	Zimmergasse 8	3.5	80	5'250
	8		2.5	62	4'000
	9	Fellenbergstrasse 265	2.5	55	3'200
	9		3	70	3'500
	9		2.5	55	3'200
	9		2.5	55	3'200
	9		3	70	3'500
	9		2.5	90	3'750
	9	Fellenbergstrasse 267	3	70	3'500
	9		2.5	55	3'200
	9		3	70	3'500
	9		2.5	55	3'200
	9		3	70	3'500

	9		2.5	55	3'200
	9		2.5	90	3'750
	9	Wydäckerring 69	3.5	94	3'850
	9	Wydäckerring 69a	1	27	1'750
	9		2	48	2'700
	9		1.5	44	2'300
	9		1.5	35	2'300
	9	Wydäckerring 69b	2.5	65	2'800
	9		1	32	2'000
	9		2.5	64	3'000
	9		1.5	40	2'300
	9		2	48	2'700
	9		1	32	2'000
	9		1.5	40	2'300
	9		1	32	2'000
	9		1.5	44	2'300
	9	Wydäckerring 71	1	24	1'750
	9	Wydäckerring 71a	3.5	72	3'500
	9	Wydäckerring 71b	1	30	2'100
2.Acasa Suites²					
	11	Binzmühlestrasse 72	1	28	3'375
	11		2	44	4'500
	11		3	66	6'480
	11		3	80	7'875
3.City Stay					
	8	Kieselgasse 2	2.5	56	5'340
	8		2.5	54	4'890
	8		2.5	56	5'340
	8		2.5	54	4'890
	8		3.5	73	7'590
	8		2.5	54	4'890
	8		2.5	56	6'090
	8		2.5	56	5'490
	8		2.5	54	4'890
	8	Lindenstrasse 32	2.5	55	6'090
	8		2.5	60	6'690
	8		1.5	40	5'040
	8		3.5	85	7'890
	8		2.5	45	6'390
	6	Nordstrasse 5	1.5	40	4'290
	6		2.5	60	5'190
	6		2.5	60	5'190
	6		2.5	60	5'190
	8	Forchstrasse 163	1.5	32	3'090
	8		1.5	32	3'540

² source: <https://acajasuites.com/en/> (accessed 04.2018)

³ source: <https://www.citystay.ch> (accessed 04.2018)

	8		1.5	27	3'540
	8		1.5	27	3'540
	8		1.5	29	3'390
	8		1.5	37	3'390
	8		3.5	78	5'490
	8		2.5	66	4'290
	8		2.5	42	4'140
	10	Eggstrasse 42	3.5	75	
	10		2.5	60	
	10		2.5	60	
	10		1.5	45	
	10	Kirchweg 30	3		
	10		2.5		
4.Ema House⁴					
	8	Florastrasse 26	1.5	26	4'470
	8		2.5	50	5'250
	8		2.5	55	7'140
	8		2.5	65	6'810
	8	Florastrasse 30	1.5	44	3'870
	8		2.5	67	6'000
	8		3.5	94	7'890
	8		3.5	75	8'160
	4	Sihlfeldstrasse 127	2.5	60	4'140
	6	Beckenhofstrasse 22	1.5	39	3'480
	6		1.5	45	4'020
	6		2.5	55	4'704
	6		3	62	6'780
	6		3	77	7'680
	6		4.5	84	8'220
5.Guggach Aparthotel⁵					
	6	Hofwiesenstrasse 135	2	35	2'600
	6		1	24	2'250
	6		1	31	2'600
	6		1	30	
	6		1	24	2'250
	6		2	55	3'500
	6		1.5	37	
	6		1.5	41	
	6		2	55	4'300
	6		2	50	
	6		1	34	
	6		1	38	
6.Vision Apartments⁶					

⁴ source: <https://ema-house.ch/en/> (accessed 04.2018)

⁵ source: <https://www.guggach.com/de/> (accessed 04.2018)

⁶ source: <https://visionapartments.com/en-US/Service-Apartments.aspx> (accessed 04.2018)

	5	Albertstrasse 7	1	25	2'377
	5		1	33	2'688
	2	Bellariastrasse 36	1	18	1'754
	2		2	36	3'820
	2		1	25	2'481
	2		3.5	190	9'321
	11	Binzmühlerstrasse 46	1	26	2'367
	11		1	15	1'754
	11		1	21	1'858
	11		1	22	2'273
	4	Cramerstrasse 8-12	1	15	1'962
	4	Cramerstrasse 2-6	1	20	2'481
	4	Freyastrasse 8	1	28	2'481
	4		1	33	3'634
	4		1	33	2'792
	1	Gerechtigkeitsgasse 8	2	36	5'370
	1		1	27	3'000
	1		1	25	3'000
	5	Hardstrasse 236/238	3	80	4'131
	4	Militärstrasse 24	1	26	2'481
	4		1	18.1	1'962
	4		1	21.9	2'481
	4		1	24	2'481
	4		2	33	3'415
	4		2	37.6	4'245
	4		1	26	2'481
	3	Rotachstrasse 33	1	16	1'848
	3		1	21	2'273
	3		2.5	49	4'131
	2	Waffenplatzstrasse 72	1	20	2'263
	2		2	38	3'508
	2		1	12	1'858
	2		1	22	2'263
	6	Wehntalerstrasse 13	1.5	46	2'896
	6		1	28	2'377
	3	Wolframplatz 1	2	43	3'830
	3		2	31	3'415
	3		1	17	2'335
	3		1	28	2'896
	3		3	38	3'830
	3		1	36	3'311
	3		3	60	4'723
	4	Zweierstrasse 24	1	21	3'104
7.Glandon Apartments⁷					
	6	Nelkenstrasse 20	1	19	1'850
	6		1.5	27	2'250
	6		3.5	70	3'750

⁷ source: <https://www.glandon-apartments.ch> (accessed 04.2018)

	4	St. Jakobstrasse 39	1.5	30	2'500
	4		2.5	50	3'800
	4		1	15	1'550
	4		2.5	50	2'500
8.Gustav, Zurich⁸					
	4	Europaallee	2.5	50.5	4'615
	4		2.5	72.4	5'895
	4		2.5	87.3	7'085
	4		2.5	87.5	7'270
	4		3.5	95.1	8'260
	4		3.5	122.6	9'230
	4		4.5	148	
9.Nest Apartment⁹					
	9	Albulastrasse 34	2.5	63	3'350
	9		3.5	78	4'150
	2	Bodmerstrasse 4	3	95	6'350
	7	Eidmattstrasse 6	2	40	3'750
	7		3	90	5'750
	7		3	130	6'550
	2	Freigutstrasse 26	2	55	4'550
	2		2	97	4'750
	5	Josefstrasse 29	3	85	4'350
	4	Kanzleistrasse 225	2	40	3'250
	4		2	58	4'350
	4		2	40	3'250
	7	Neptunstrasse 69	1	30	2'800
	1	Stampfenbachstrasse 24	3	60	4'750
	1		3	95	5'350
	1	Weinbergstrasse 23	2.5	60	4'550
	1		1	30	3'050
	1		3.5	120	7'650
10.Service Apartments					
	4	Sihlfeldstrasse 83	1	16	1'400
	4		1	30	1'900
	4		1.5	37	1'900
11.AAS Apartments¹¹					
	3	Aemtlerstrasse 86	2.5	55	3'500
	3	Wuhrstrasse 32	3.5	67	4'150
	3	Rotachstrasse 17	2.5	45	3'300
	3	Wuhrstrasse 32	3.5	67	3'950
	3		3.5	67	3'950

⁸ source: <https://www.gustav-zuerich.ch/en/Residence/Apartments.29.html> (accessed 04.2018)

⁹ source: <http://mynest.ch/en/apartments/> (accessed 04.2018)

¹⁰ source: <https://www.service-apartments-english.ch/business-apartments-zurich/apartments-rooms/> (accessed 04.2018)

¹¹ source: <https://apartment-service.ch> (accessed 04.2018)

	3		3.5	67	3'950
	3		3.5	63	3'850
	3		3.5	67	3'950
	3		2.5	55	3'600
	3		2.5	55	3'600
	3		2.5	55	3'600
	3	Wuhrstrasse 30	2.5	55	3'600
	3		2.5	55	3'600
	3		2.5	55	3'600
	3		2.5	55	3'600
	3		2.5	55	3'600
	3	Rotachstrasse 20	2.5	50	3'400
	3		2.5	50	3'400
	3		1.5	30	2'600
	3		1.5	30	2'500
	3		1.5	30	2'600
	3		1.5	30	2'600
	3		1.5	30	2'600
	3		1.5	30	2'600
	3		1.5	30	2'500
	3		1.5	30	2'500
	3		1.5	30	2'600
	3		1.5	30	2'600
	3		1.5	30	2'600
	3		1.5	30	2'600
	3		1.5	30	2'600
	3		2.5	70	3'800
	3		2.5	70	3'800
	3		2.5	70	3'800
	3		2.5	70	3'800
	3		2.5	70	3'800
	3		2.5	70	3'800
	3	Rotachstrasse 17	2	30	3'000
	3		2.5	45	3'300
	3		2.5	45	3'300
	3		2.5	45	3'500
	3		2	30	3'000
	3		2.5	45	3'300
	3		2.5	45	3'300
	3		2.5	45	3'500
	3		2	30	3'000
	3		2.5	40	3'300
	3		2.5	45	3'500
	3		2.5	65	3'800
	3	Aemtlerstrasse 86	2.5	51	3'500
	3		2.5	51	3'500
	3		2.5	49	2'900
	3		2.5	51	3'500
	3		2.5	49	2'900
	3		2.5	55	3'500
	3		2.5	51	3'500
	3		2.5	49	2'900
	3	Kalkbreitestrasse 41	1.5	30	2'400

	3		1.5	20	2'400
	3		1.5	30	2'400
	3		1.5	30	2'400
	3		1.5	30	2'400
	3		1.5	30	2'400
	3		1	22	2'400
	3		2.5	44	3'200
	3		1.5	30	2'400
	3		1.5	30	2'400
	3		1	22	2'400
	3		2.5	44	3'200
	3		1.5	30	2'400
	3		1.5	26	2'400
	3		1	22	2'400
	3		2.5	44	3'200
	3		2.5	55	3'500
	2	Mutschellenstrasse 10	2.5	51	3'600
	2		2.5	35	2'950
	2		3.5	65	4'150
	2		3	60	3'800
	2		2.5	47	3'600
	2		2.5	45	3'600
	2		2.5	45	3'600
	2		2.5	46	3'600
	2		1	22	2'200
	2		2.5	55	3'750
	8	Magnolienstrasse 6	3.5	70	4'850
	8		3.5	65	4'850
	8		3.5	80	4'950
	8		3.5	80	4'950
	8		3.5	80	4'950
	8		3.5	80	4'950
	8		3.5	70	4'950
	8		3.5	80	4'950
	8		3.5	70	4'850

9. Appendix III: Price surcharge according to service package





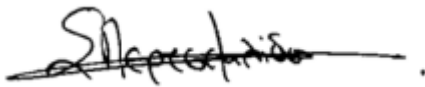
Ehrenwörtliche Erklärung

Ich versichere hiermit, dass ich die vorliegende Arbeit mit dem Thema „Serviced-living and density: Their impact on the rental market in the city of Zurich" selbstständig verfasst und keine anderen Hilfsmittel als die angegebenen benutzt habe.

Alle Stellen die wörtlich oder sinngemäss aus veröffentlichten oder nicht veröffentlichten Schriften entnommen sind, habe ich in jedem einzelnen Falle durch Angabe der Quelle (auch der verwendeten Sekundärliteratur) als Entlehnung kenntlich gemacht.

Die Arbeit hat in gleicher oder ähnlicher Form noch keiner anderen Prüfungsbehörde vorgelegen und wurde auch noch nicht veröffentlicht.

Zürich, den 03.09.2018



Sofia Pertsemlidou