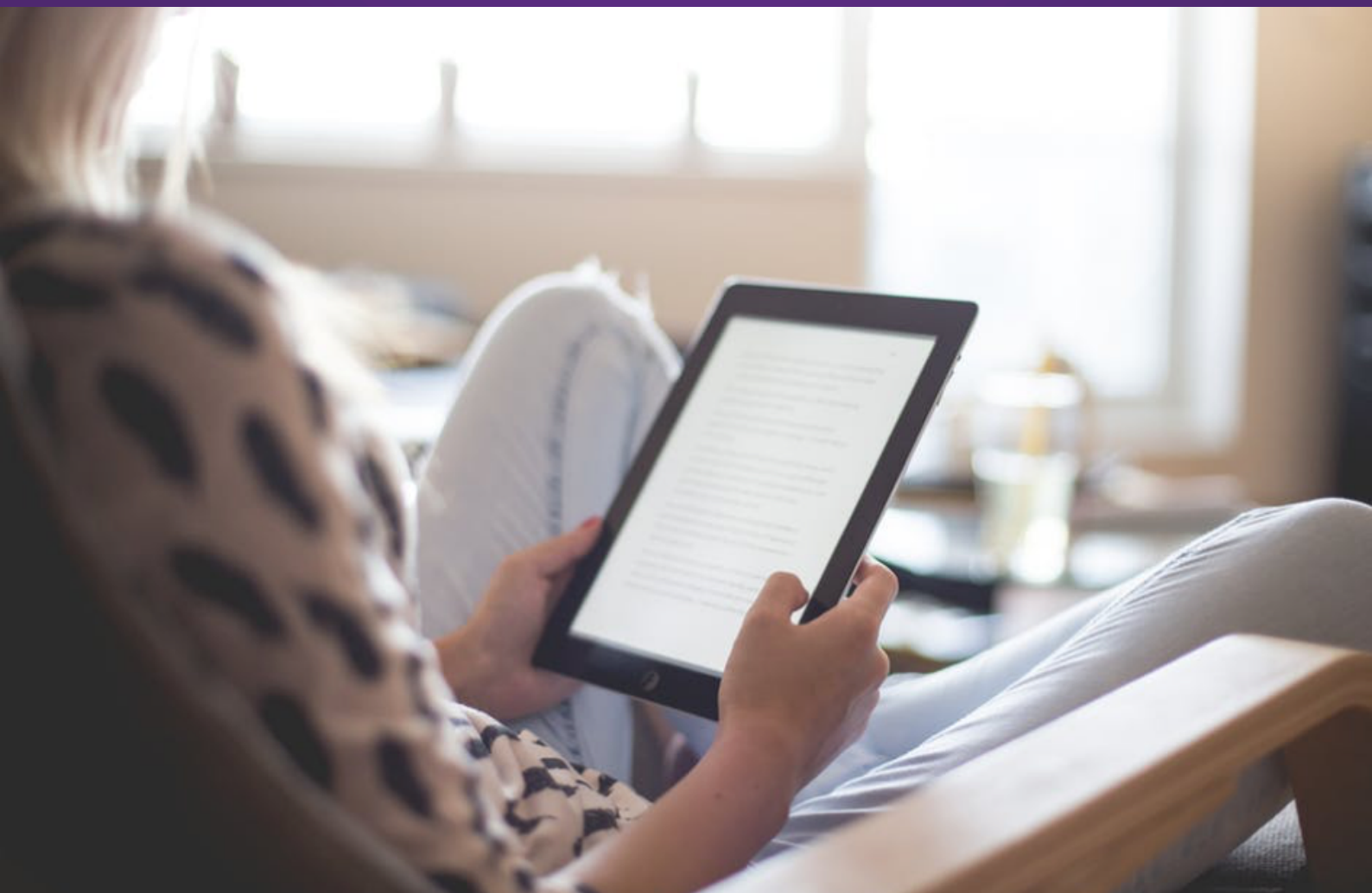


RESEARCH

Co-living

From residential to
serviced apartments and hotels



This forms part of our Shared Space series. In this paper, we will focus on shared spaces in the hospitality market.

The rise of sharing economy not only led to the growth of co-working spaces, but also an increased popularity with communal living. Co-living has become a trend in gateway cities where rents are high. This concept is also being introduced in Singapore, with the first purpose-built co-living development scheduled to complete by 2020. In this paper, we will discuss this growing trend and how it is affecting the hospitality market.

Co-living is making a comeback

The concept of co-living existed since the 1800s in Singapore when immigrants lived in shophouses with shared kitchens and bathrooms. The concept has become a lifestyle choice, especially popular among millennials.

Co-living

Noun

1. Shared housing designed to support a purpose-driven life.
2. A modern and urban lifestyle that values openness, sharing and collaboration.

Source: Urban Dictionary

Community building is the key to co-living. Landlords differentiate themselves by providing social spaces and organising events. The goal is to encourage social engagement and collaboration among residents. Some operators target tenants with similar profiles to ensure common interests within the community. Many of these co-living landlords



Figure 1: The Collective.

Source: The Collective

also collaborate with co-working operators as part of their offerings.

Co-living has been introduced in urban areas where rentals are high, like New York City, London, Tokyo and Hong Kong. Examples of established co-living operators include **The Collective** in London (Figure 1), and U.S. operators such as **Common**, **Ollie**, and **WeLive** (Figure 2), a spinoff from co-working operator WeWork. Real estate developers are entering the co-living scene as well. American developers such as The Durst Organization, Property Markets Group and NMS Properties are testing the concept in Manhattan, Chicago and Los Angeles, respectively.

In Hong Kong, Eton Properties converted their **Mini Ocean Park Station** into co-living apartments. Each of the 270 mini units ranges from 80-100 sq ft. Residents enjoy complimentary Wi-Fi, large social areas

and cooking facilities. Some hotels are also converting their properties to co-living apartments. For instance, **Mojo Nomad Aberdeen Harbour** by Ovolo Hotels

in Hong Kong, converted their hotel into a 65-room, 250-bed co-living space.

Two of the pioneer co-live operators in Singapore are **Hmlet** and **Mamahome**. Established in 2016, Hmlet is a “tech co-living company” with operations in Singapore and Tokyo. Hmlet leases units from landlords, redesigns and refurbishes them, and rents them out to tenants on shorter leases (at least three months). In addition to rental services,

Ascott
introduces
lyf –
Live Your Freedom,
a co-living concept
designed by millennials
for millennials.



Figure 2: WeLive.

Source: WeLive

Hmlet also organises member events to build its community. Hmlet recently extended their market coverage to Hong Kong by acquiring we r urban, which manages about 30 co-living spaces. **Mamahome** supports residential unit owners by managing the entire process. They collaborate with igloohome, a digital smart lock service provider, and Castlery, an online furniture retailer, to fit out the units for co-living. There are community managers to match like-minded tenants based on their occupation and hobbies.

Serviced apartment operator The Ascott Limited will open its first co-living apartment under the brand **lyf** (live your freedom) in 2020. It targets young working professionals who want to live with like-minded people and enjoy social interactions.

Extensive research was undertaken to ensure the success of lyf (Figure 3). Living lab, a collaboration between Singapore Management University (SMU) and Ascott, is situated at Levels 1-3 of SMU Labs. The living lab is a creative learning space with various social space concepts to facilitate experiential out-of-classroom learning. A variety of concepts from event square, social kitchen and games room to various discussion and study areas are available for students. The usage of these areas is tracked, and the data collected are

used to analyse each concept's popularity and utility rates for planning purposes. Information is then presented on a real-time heatmap, so students can find out how crowded the areas are.

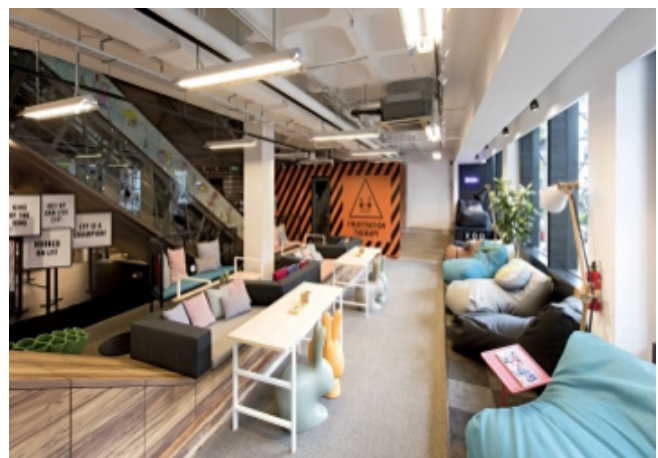
As part of Funan's integrated development, lyf Funan Singapore (opens in 2020) will have 279 residents. Incorporating data collected from SMU Labs, lyf Funan Singapore will offer social zones for talks, music jamming, social kitchen, areas for sports and simply hanging out. There will also be business suites for video conferencing and discussions. Like other community-centric spaces, lyf will organise events and workshops ranging from TED Talks to pop-up flea markets to encourage social interactions. The properties will be managed by lyf guards – young and sociable staff who may be residents themselves and perform similar duties to a community manager.

Ascott's second lyf development in Singapore, lyf Farrer Park, will open in 2021. Ascott also plans to open a lyf in Wu Tong, Dalian and Cebu in the next few years.

More
co-living
concepts will
emerge in
Singapore.



Figure 3: lyf @ SMU.



Source: lyf

Regional case study – MALAYSIA

Like Singapore, co-living is relatively new in Malaysia.

JL Co-living space is the first of its kind in Kuala Lumpur (Figure 4). Opened in early 2018 at USJ 21, JL Co-living offers three types of rooms: single, twin and premium, which could accommodate up to 55 people.

The co-living space is located within a three-storey shopoffice. The air-conditioned common area has hot desks and beanbags, bar with coffee

machine, mini kitchen with microwave oven and refrigerator, meeting room, cinema, games area with PS4, laundry room, ironing facilities, meeting room, and complimentary Wi-Fi.

The rental rate of a room ranges from RM450 to RM1,000 per month, excluding room electricity bills. The tenancy is flexible from a minimum of one week to three years. JL Co-living also hosts events and conduct yoga classes, talks and presentations.

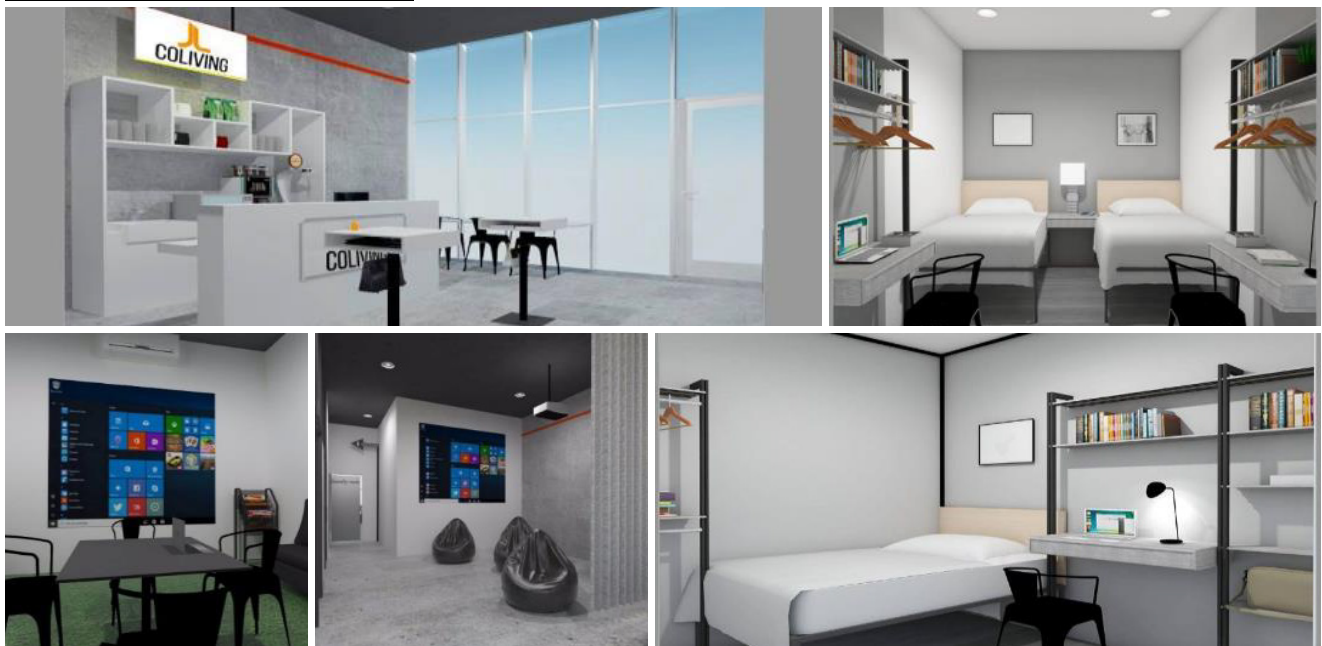


Figure 4: JL Co-living's concept.

Source: JL Co-living

Regional case study – THAILAND

In Thailand, there has not been any purpose-built co-living apartments. However, spaces for co-working and co-living are available. Taking advantage of Thailand's natural beauty and beach setting, these concepts offer digital nomads an alternative to traditional hotels and hostels.

Koh Space, a youth hostel, has taken a step towards a sharing economy (Figure 5). Offering

a contemporary co-working environment, Koh Space attracts digital nomads into the beautiful setting of Koh Phangan. This island style co-working space has a conference room, shared lounge space and an open-air shared kitchen. This shared experience caters to those who are looking for a laidback island experience but would still like to stay connected.



Figure 5: Co-living space in Koh Space.

Source: Koh Space

Regional case study – THAILAND

Hub53 is a co-working and co-living community space targeted at digital nomads and travellers (Figure 6). Their target audiences include marketers, e-commerce managers, writers, photographers, and IT professionals. There are two types of memberships – day pass or all-access pass. In addition to co-working spaces, there are private offices that are available on a first-come-first-served basis.

Facilities include a nap room, complimentary pantry, lounge, Skype room and lockers.

The co-living spaces offer a variety of room types, from single to king rooms, and rental packages for both short and long stay guests. Rental includes weekly cleaning service, access to common living areas, shared kitchen, laundry room and a 24-hour, unrestricted access to the co-working space.



Figure 6: Co-living space in Hub53.

Source: Hub53



Figure 7: Prototype co-working lounge.

Source: Hotel Jen by Shangri-La

Shared spaces in hotels

Hotels are differentiating themselves by offering new and unique experiences. Hoteliers are introducing lobbies with co-working spaces and immersive entertainment centres to enhance guest experience. Increasingly, hotels are also collaborating with boutiques and local designers for unique retail experiences.

AccorHotels has introduced more communal spaces in its three new hotels in Singapore. At **Novotel Singapore on Stevens**, there is a cosy meeting area with a big touchscreen smart TV affixed to the tabletop catered for guests at the lobby. A more open lobby concept was designed for **Mercure Hotel on Stevens**. Guests are encouraged to meet and mingle at the large communal space at the poolside of **Sofitel Singapore City Centre**.



Figure 8: The communal room concept.

Hotel Jen Beijing by Shangri-La introduced Prototype (Figure 7), a co-working space, replacing the executive lounge. For a fee, guests can access the 3,500 sq ft co-working space, where there is a seating area, individual pods and power and USB ports. There are also 13 meeting rooms and office spaces for rent. The co-working space opens daily from 7:00am to 11:00pm.

Taking the concept of co-living further, Marriott is planning to introduce units with multiple guest rooms and communal areas in their **Element Hotels** (Figure 8). While guests will have their own rooms in the apartment, they will share a kitchen, dining room and lounge area.



Source: Element Hotels by Westin, Marriott International, Inc.

CONCLUSION

We envisage more co-living concepts in Singapore. With the global push to lower carbon footprint and the Government's introduction of car-lite living, more people will be drawn to live near their workplace. Co-living concepts are affordable alternatives to private apartments. Residents, especially those new to Singapore, will also benefit from the flexibility of the short lease term and opportunities to meet new people.

However, the market for co-living concept in Singapore may be limited to the **1.6m non-residents**, with limited demand from Singapore residents. As the home ownership rates of residents are high (91.0 per cent in 2017), few have the need to rent. On the other hand, with residents getting married at an increasingly older age (median age of grooms and brides in their first marriage increased by 2.0 per cent between 2009 and 2016 from 29.8 to 30.3 years and 27.5 to 28.3 years respectively), coupled with the rising popularity of community and CBD living,

An increasing number of millennials may choose to rent rather than stay with their parents to experience living on their own, meet new people and potentially collaborate.

an increasing number of millennials may choose to rent rather than stay with their parents to experience living on their own, meet new people and potentially collaborate.

Serviced apartments and hotel operators are innovating their business models to introduce new concepts such as co-working and co-living.

With average monthly rates at over \$6,000 for studio and 1-bedroom serviced apartments, co-living apartments are more affordable alternatives. The large communal spaces and facilities in co-living apartments will compensate for the reduced personal space.

While occupancy for hotels in Singapore continues to be healthy at around 80.0 per cent and with around 2,290 new keys expected in the next three years, competition in the hotel market will intensify. Furthermore, majority of the new hotels are likely to be upscale and luxury boutique hotels. We believe that more hotels will adopt new concepts to stay competitive. While the high land cost will be a challenge for hotel operators to create communal spaces that are not revenue generating, we anticipate operators to integrate these unique concepts with their F&B and other revenue generating outlets.

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