

June 16, 2010

## Corporate Housing Update

### 1) Reducing inventory

Like many organizations, the Corporate Housing Industry responded to the recession by reducing inventory to sustain occupancy and margins.

Markets commonly add and drop corporate housing inventory depending on immediate demand

The inventory drop was by 16.4 % in 2008 and 2009

As a result rate held in this segment of the lodging industry better than in other segment.

Corporate Housing inventory was projected to increase slightly in 2010 however we have not seen a noticeable increase.

### 2) Sharing of Inventory with other Corporate Housing providers

Corporate housing units may be owned by the corporate housing provider, managed by the corporate housing provider or rented (leased) and equipped by the housing provider.

With the reduction of inventory in the corporate housing availability, a trend has been to wholesale units from each other. An example company A has a client with a need in a particular area however they have no apartment available for the time frame. Rather than company A going to the management company to rent the apartment to furnish for the client, they will often rent from company B who already has the apartment ready and available for the time frame needed. In this case, both companies win. Company A satisfies their clients need and company B fills their vacancy. The down size is the cost of wholesaling typically is passed on to the consumer making those lump sum and/or the

CONUS rates very difficult for the consumer to find housing within their budget.

In this economy, this is a very common.

### 3) Fewer Corporate Housing companies

The estimated number of corporate housing providers is 790 which is down from 888 in 2007. These providers can be regional, local to a city, small mom and pops or very large in scope. The common denominator for most corporate housing providers is the need to be able to get aggressive rents and/or lease terms, gain loyal customers and simple weather the storms of the economy.

In summary, the housing industry is cautiously optimistic