

How to Reimagine Extended-Stay Hotels for the New Guest Type

By [Tim Reber](#), Program Director & Vice President, Woolpert | October 29, 2023



There's a new hospitality guest type in town, and they're not looking for just a weekend stay.

These out-of-towners are seeking short-term housing that's reasonably priced and equipped with features and amenities that meet their lifestyle and work requirements. While relatively new to the market, the reality of this guest type doesn't come as a surprise, as people are becoming increasingly transient.

The number of employees working remotely continues to trend upward. Staff shortages at hospitals have spurred the growth of travel nurses, and healthcare patients and their families are choosing to travel distances to get the treatment they need. These facts are mentioned in the news and everyday conversations; however, what's rarely mentioned is the hospitality sector that stands to gain the most from these work and consumer trends:

the extended-stay market.

The Predicted Winners

According to Future Market Insights, in 2022 the extended stay market was reportedly [worth \\$48.60 billion](#). That number is predicted to increase given the longer visits and higher occupancy rates these properties are currently experiencing. In 2019, Bloomberg reported that extended-stay hotels in Gwinnett County, located northeast of Atlanta, saw more than [45% of current bookings](#) for 30 days or more. That number jumped to 67% in 2021. Meanwhile, the national average occupancy rate for extended-stay hotels reached 73% in 2021, compared to just 56% for general-use hotels. A somewhat paradoxical explanation for this growth is that people are traveling more yet living in temporary destinations for longer periods of time.

Senior Vice President for extended stay development at Choice Hotels International Ron Burgett confirmed this by saying, "When launching our newest brand, Everhome Suites-the first new midscale extended-stay brand in nearly a decade-we went all in to understand our extended-stay guests and their unique needs. We found that they are predominately essential workers who are on the road, families whose homes are being renovated or remodeled, or those relocating to new areas. The demand for extended stay housing is much higher than the current supply and will only continue to grow with the reshoring of American manufacturing and nationwide investments in infrastructure."

Being well-positioned to serve the new guest type has encouraged investing companies and hotels in every segment to increase their focus on extended-stay lodging. According to Skift, in 2021, Blackstone and Starwood Capital-two major investment companies-[spent \\$6 billion](#) to acquire Extended Stay America, a chain in the mid-price hotel segment. In 2022, these same organizations paid \$1.5 billion to acquire more than 100 WoodSpring Suites hotels.

Forbes reports that Red Roof, a staple brand in the economy lodging segment, also plans to [add more extended-stay properties](#) to its growing list of options. Additionally, Wyndham Hotels & Resorts, which operates in the mid-price market, intends to complete and offer its first extended-stay brand for the economy level. These investments prove that extended-stay hotels are becoming increasingly prominent across hospitality segments. Even though some people attribute it to the low end of the hotel spectrum, it's not a low-segment trend. These investments are happening across the board.

"Choice Hotels has expanded its domestic extended-stay pipeline to nearly 500 hotels and has a team of more than 60 dedicated experts who provide end-to-end support from site selection and development to sales, marketing, training, and operations support," said Burgett.

Commenting on the trends he's seen in various segments of the extended-stay market, Burgett confirmed he's noticed high occupancy rates on multiple ends of the hotel spectrum. In fact, he said, "In our economy extended-stay properties, guests staying for more than seven nights account for 80-90% of all occupied room nights. This room mix skews towards blue collar business travelers, such as construction workers, as well as people in need of transitional housing. In our midscale extended-stay hotels, guests staying more than

seven nights account for 60-80% of all occupied room nights. Often these are more discretionary leisure travelers who prefer the amenities that extended-stay properties offer. And business travelers including traveling healthcare workers, information technology technicians, and skilled tradespeople also remain significant drivers of demand."

Despite this success and increasing demand, a shift in how people view extended-stay hotels must happen to sustain momentum. Until recently, this lodging option was rarely a traveler's first choice. Most people overlooked extended-stay properties, preferring accommodations with better media attention and spotless brand images. While these properties may be the best option for this new guest type, hoteliers and investors need to refresh the perception of extended-stay lodging to ensure its rising popularity continues.

At the end of the day, it's all about marketing. It's about changing what people think about extended-stay hotels. The industry is already seeing growth, and changing the common nomenclature from extended-stay to workforce or affordable housing will help solidify and increase that growth.

Of course, this new language has to ring true. Extended-stay hotels can't market themselves as workforce or affordable housing if they don't have the aesthetic and practical elements to prove it. For hotel executives and investors to support any new marketing claims, they must re-imagine the design of their extended-stay hotels.



In 2022, the extended-stay market was worth \$48.60 billion—with people becoming increasingly transient, the industry is predicted to continue growing. Image courtesy of Woolpert.

Re-Imagining Extended-Stay Lodging

What's the first thing hoteliers and investors should do to change the perception of extended-stay properties into workforce or affordable housing? The most important thing is to offer a kitchenette in every room. The new guest type wants to be able to cook in their suite, an obvious preference that hoteliers and investors know they need to deliver. The nomadic professional or transient family wants their extended-stay hotel to feel like home, so kitchenettes are a necessity. However, if executives and investors genuinely want to change their perception, they'll need to up their game even more by taking significant steps to re-imagine their designs.

Other elements, such as technology, may also be critical. Most people want dependable, high-speed Wi-Fi without glitches when working from their hotel rooms. That's why some two-bedroom suites may need to be converted into one-bedroom suites with kitchens and either living or office spaces.

Even specific areas outside of extended-stay suites should place technology front and center to reinforce the perception of workforce or affordable housing. One particular space is the breakfast dining room, in which guests rarely find significant value.

Across the industry, hoteliers consistently hear that the new guest type doesn't want to have breakfast in a room full of their favorite unshowered friends. As a result, some hotels are already moving away from having guests eat in breakfast nooks. They're starting to pull breakfast back into private rooms because that's the preference of more guests. Generally, visitors are looking for grab-and-go items that can be eaten in their rooms.

This new preference presents the opportunity to re-envision the breakfast space. How should this empty dining area be redesigned? One idea is to convert the space into a small market that provides chips and other snacks as well as vending machines with adult beverages and a variety of healthy food options. Giving people access to good food and beverages they can enjoy in their rooms will reinforce the connection between extended-stay hotels and affordable homes-and implementing this idea isn't hard.

Significant improvements have been made in vending technology, and some hotels already provide adult beverage vending machines from which guests can purchase bottles of wine for their rooms instead of overpaying for drinks at the bar. It's even possible to install vending machines that offer high-quality, healthy food, which remote workers, families in transitional periods, or families supporting relatives receiving healthcare treatments would prefer over constantly snacking.

Another idea is to re-imagine the dining area into a co-working space. Whether it's a traveling, remote worker or a parent supporting a child's healthcare journey at a nearby hospital, these individuals remain employed professionals. They need a workplace, and offering co-working spaces will help them see extended-stay properties as true workforce housing. It will also provide benefits that guests will enjoy. According to Harvard Business Review, people who use co-working spaces [feel a sense of community](#), an advantage remote workers will particularly relish since 20% of them reportedly [struggle with loneliness](#). Those who use co-working spaces also tend to find more meaning in their work, partially because they have access to collaboration, learning opportunities, and a stronger sense of identity that isn't threatened by office politics or muddled by work personas.

Of course, if hoteliers and investors have multiple common spaces available for re-imagining, they should include both a small market and co-working spaces. When possible, providing both will strengthen the perception that extended-stay hotels are workforce and affordable housing, but only offering one is still a great step forward; however, what's not a good step is for hoteliers to eliminate their amenities.

Extended-stay hotels compete with apartments and home rentals. They're all contending for the same dollar because more people than ever are renting. Being able to work from nearly anywhere has created a huge rental market, and extended-stay hotels must compete with private home rentals and big-amenity apartments. That means extended-stay properties need to have all the shiny bells and whistles to attract guests.

Features like fitness centers, laundry facilities, spas, outdoor pools, and movie theaters will appeal to the new guest type who wants their lodging to resemble a homey apartment-with all the luxuries. These amenities also give extended-stay hotels the opportunity to compete with rentals that may be unique and trendy but also are expensive and unable to deliver what's necessary for day-to-day tasks like laundry and exercising.

Unfortunately, though, updated amenities often come with a hefty price tag. The good news is that the investment will pay for itself as the demand for extended-stay properties increases. A [2022 survey](#) by the Highland Group indicated that the need for extended-stay lodging in the economy segment grew by 11%. In the mid-price segment, it increased by 1%, and requests for upscale extended-stay hotels jumped by 25%. Those numbers matter because the extended-stay properties with the most to offer will profit greatly from the demand and see the quickest and largest return on investment.

Continuing the Momentum

As Michael Scott would say, "Oh, how the turntables have turned." What used to seem like a bad choice is now becoming a top preference. Guests increasingly choose rooms at extended-stay hotels, a decision many people would've gawked at decades ago. The only thing hoteliers and investment firms must do is continue the momentum by re-imagining the designs of extended-stay properties to alter the image of these hotels to workforce or affordable housing.



Mr. Reber

Tim Reber is a Vice President and Program Director at Woolpert with extensive experience managing commercial retail and hospitality rollout programs across the United States. He leads full-service, multi-discipline design teams, including survey, site/civil, architectural, mechanical, plumbing, electric, and structural engineering crews. During projects, Mr. Reber guides teams from conceptual planning and due diligence through preliminary and final construction drawings and permitting. His knowledge of the market, entitlements, approvals, and permitting combines into a thorough understanding of how to run a project efficiently. He helps clients understand everything about the project, from concept through construction, and provides creative solutions throughout each contract. As a result of his experience, he's worked with national and local hospitality brands, extended-stay hotels, country clubs, and more. Mr. Reber can be contacted at +1 314-915-6500 or Tim.Reber@Woolpert.com

[Extended Biography](#)

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