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PICTURES: THE ASCOTT LIMITED

Ascott takes on co-living with lyf

| BY CHARLENE CHIN AND BONG XIN YING |

Ascott has acted with boldness for its first co-living venture. Unlike other hospitality properties, residents at lyf Funan will be greeted by the sights and sounds of a laundromat foaming and frothing to the cycle of soiled laundry. “No hotel, no serviced apartment, no co-living space actually puts a laundromat in front, at the entrance,” says Tan Gan Hup, lyf chief and assistant vice president for brand & marketing, digital innovation and lyf at The Ascott Ltd. “But then again – why not?”

Shrugging off the usual hospitality conventions, lyf Funan is pushing its boundaries. The laundry area will soon be fitted with a beer vending machine. “Then, while you’re washing your clothes, you can actually interact with people,” says Tan. “It’s all about community and communal spaces, giving people the opportunity to connect if they want to.” Residents who wish to opt out of mingling can always choose the laundry service.

lyf Funan is set in the newly reopened Funan mall, occupying over 121,000 sq ft of gross floor area. Ascott has touted this as Southeast Asia’s “largest co-living property”. Spanning nine-storeys (level 4 to 12 of Funan mall), it houses 279 apartments with 412 rooms, and links guests to City Hall MRT station via a sheltered underground walkway. Apartment types come in five variations, which range from 194 to 1,130 sq ft, accommodating single, dual or group bookings. On its first opening weekend of Sept 7, lyf had already enjoyed a 99% occupancy rate with 115 apartments launched. By end-October, all of its apartments will be available for booking.



lyf Funan Singapore has a laundromat at the main entrance

Targeting corporate and leisure demand

Guests who stay at lyf can settle on a night’s sleep, unlike other co-living spaces which typically require a stay of at least three consecutive months – in line with URA’s regulations for short-term rentals. Due to this flexibility, lyf is able to cater to tourists and short- and long-term corporate travellers. “Although our focus is still very much on the corporate,

longer-stay demand,” says Mindy Teo, leisure demand helps to complement the take-up rate and “allows us to yield up, [especially] during times like F1 season”, the chief and deputy managing director of lyf explains. The Formula 1 Singapore Grand Prix 2019 will be held from Sept 20 to 22.

So far, the team has established corporate partnerships with Fortune 500 companies. “They are looking at lyf for long stays and

shorter-term corporate travel,” Teo shares. One of their longer-term residents will be co-sying up in lyf till March next year. A night’s stay at the co-living space starts from \$150, while monthly rates are from \$3,060.

Promoting social activity

While the strength of hotels lie in their hospitality and comfort of rooms, the heart of co-living spaces is its communal areas. Past

SAMUEL ISAAC CHUA/ EDGEPROP SINGAPORE



Past the reception, lyf opens up to a large breakout space, designed for events large and small



The service staff at lyf are aptly called lyf Guards, who work round-the-clock to ensure that residents enjoy a pleasant stay

the reception, lyf opens up to a large breakout space dressed with quirky furniture. The area is designed for a wide range of events, from larger-scaled ones to more intimate workshops, and doubles as a co-working space. To that end, the furniture is modular for ease of use, and power plugs are available every 10 sq m. Users can choose from mobile projector screens or the drop-down option that hangs from the staircase. Other than fixed sound systems, the team also ensured that there were portable ones to accommodate the need of their guests. The design features were adopted from Ascott's takeaway from lyf@SMU, a partnership set up in 2017 between the company and Singapore Management University to co-manage a living lab that occupies over 32,000 sq ft. It was through running events large and small

– such as TED talks and hackathons – that the team learned what worked and what required tweaking. The co-living property also has an attitude going for it. The washroom on the first level is endearingly called the 'Royal Flush'. There is a ball pit at the nook of the staircase, which Tan has admitted to playing in: "Once you go in, you start sinking in, [and] it's really quite comfortable." On lyf's second level, the gym takes up an open space, with kettlebells and weights lined along a corner, TRX gear for suspension training and a treadmill disguised as a life-sized hamster wheel. Each apartment door boasts different entrance designs, while the doors of the rooms feature old-school games like Snake and Ladders. Ascott has also used its hospitality experience

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JLL explains: Co-living's different business models

Co-living players operate on a similar business model as serviced apartments – the only difference is that the former run the business out of private homes, on longer leases.

Co-living firms are actually bounded by the site from which they operate. The URA requires stays of at least three months for properties zoned under residential use. Some companies, however, are able to offer stays shorter than three months as they are operating out of sites approved for serviced apartment use.

It is important to note that tenants staying in co-living spaces tend to see it as a longer-term accommodation, in contrast to the serviced apartment sector, which caters to shorter-stay guests.

In terms of holding structure, some operators may choose to purchase and fit out their own co-living facility for more control. This comes at a risk of higher illiquidity and compressed yields due to a higher capital outlay, and slows down expansion plans.

The more popular option is therefore the asset-light model, leasing individual residential units or an entire block from a landlord, retrofitting the property, then sub-leasing it out for co-living purposes. This model allows companies to scale fast, but operators have no control over their real estate costs and there is no guarantee of the continued availability of the premise once the existing lease expires.

Some operators, meanwhile, run by the management contract model. This happens when they sign long-term management agreements with developers or landlords to help run their co-living space.

There are also startups that are non-op-

erators. This group focuses on developing applications and platforms to match roommates to the most compatible location, operator, and/or room.

What's going on in Singapore?

The most common business model for co-living operators in Singapore is the asset-light strategy.

When Hmlet first launched in Singapore in 2016, the startup began by renting separate units at different condos, from individual landlords. Subsequently, the co-living player leased two whole residential buildings at Joo Chiat and Sarkies Road, converting the properties into co-living spaces. Its latest instalment at Cantonment Road is also a rented asset, which Hmlet developed jointly with LHN Facilities Management, an indirect subsidiary of LHN Limited, a Singapore-based real estate management services group.

In comparison, lyf – backed by The Ascott Limited, Singapore's largest serviced residence operator – is a mix of an owner-operated and management contract model. Ascott has also won a management contract from developer Low Keng Huat to manage lyf Farrer Park.

More players could start adopting the owner-operator model, following JTC Corporation's move to put up a pilot Concept and Price Tender to build, own and operate a co-living development at Nepal Hill in one-north. The site was eventually awarded to Ascott Residence Trust, which offered the highest bid of \$62.4 million, beating three other bidders. lyf one-north is zoned under 'Residential', and will be approved for serviced apartment use to cater to residents who are expected to stay between two weeks and one year.

Comparison of leased accommodation in Singapore

	Type of Accommodation	Min. Lease Term	Location	Furnishing & Fittings	Types of Services & Facilities
Least Control ↓ Resident's Level of Control ↓ Most Control	Hotels	1 day	Mainly in Orchard & the CBD	Fully furnished, equipped with toiletries	• Daily cleaning services • Recreational facilities
	Serviced Apartments	1 week	Mainly in Orchard & the CBD	Fully furnished, equipped with toiletries	• Daily cleaning services • Recreational facilities
	Co-living Space	1 week or 3 months*	Mainly within the Central Region	Fully furnished	• Weekly cleaning services • Community events (e.g. yoga, talks, and networking sessions) • Recreational facilities
	Conventional Private Rental Apartments	3 months	Islandwide	Varies*	• Recreational facilities

Note:
* Control refers to the ability of the resident to decide what, when and how he or she wants to lay out the room and run daily chores.
For facilities operating on sites approved for Serviced Apartment use, the minimum lease term is one week, while for facilities operating on sites without the Serviced Apartment licence, the minimum lease term is three months.
* Depending on the landlord's provision, some units come fully furnished, partially furnished or not furnished.
Source: JLL Research

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rience to its advantage – in lyf, all beds are decked in white, quality linen, while the bath features a rain shower. “These are the two things that are super important,” says Tan.

Changing demands and demographics

The co-living market in Singapore saw unprecedented activity over the past year, with millions of dollars being pumped into operators, enabling them to go on an expansion spree, highlights a JLL report in April (see box story on EP11). Current players include Singapore-based startup Hmlet; Shanghai-based startup Login Apartment; CP Residences, owned by founder and former banker Wendy Yap; LHN Group, which has branched into the market with its 85SOHO brand of co-living-cum-co-working suites; and most recently, Ascott’s lyf.

The growth of the industry has been aided by the Singapore government’s move to lower the minimum rental period for private homes from six to three months in June 2017, easing restrictions for co-living operators targeting members who want flexibility in their housing options. In August, Hmlet opened its latest co-living property in Tanjong Pagar, which is at a site that the URA allows for six night stays and above.

Rental trends have changed, too. “We have couples waiting for their HDB flats, and young locals who are single, under 35, [and] are between leases,” Teo says. Some of them “actually just want to move out to a space where housekeeping is provided”, she adds.

Costs to develop lyf have amounted to \$193.5 million. In 2017, Ascott, through its serviced residence global fund with Qatar Investment Authority (QIA), acquired the land from CapitalLand Mall Trust for \$90.5 million to devel-



At lyf, residents can download a dedicated app which allows them to check-ins, get room access, make direct bookings, and even participate in social activities

op lyf Funan. Subsequently, the fund invested about \$103 million to further develop the co-living property.

Lyf in the future

Despite only having just opened its first operational property at lyf Funan, Ascott is eyeing expansion, with some 1,600 units in the pipeline. Over the next three years, plans are in place to open more lyf properties in Asia

by 2020 – Bangkok, Fukuoka, Kuala Lumpur, Cebu, and Shanghai. Back in its hometown, lyf will open a 240-unit space at Farrer Park next year. Following that in 2021, 324 apartments will be offered at lyf one-north.

In the meantime, Ascott is exploring the idea of introducing lyf to gateway cities on a partnership model – investment, management contracts, or leases – in Australia, France, Germany, Indonesia, Netherlands, South Korea

and the United Kingdom.

The service staff at lyf are fittingly called lyf Guards, who work round-the-clock to ensure that residents enjoy a pleasant stay. With lyf gearing up to open up more spaces globally, lyf Guards will scuttle to serve guests at different time zones, across the worldwide map.

Addressing its first co-living space, Tan captures lyf’s ethos aptly: “We say Funan sleeps, but lyf at Funan never sleeps.” **E**



The six-bedroom duplex apartment at lyf Funan Singapore is comfortable enough for even 13 people



The “one of a kind” studio unit at lyf Funan Singapore



While the strength of hotels lies in their hospitality and comfort of rooms, the heart of co-living spaces is its communal areas



Adding on to the fun element, the gym on the second level not only has weights and TRX gear, but also a treadmill disguised as a life-sized hamster wheel

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