

# PHILADELPHIA BUSINESS JOURNAL

APR. 6-12, 2007

Volume 26, Number 7

## Korman's 'aka' lays out red carpet for long-term guests

**NATALIE KOSTELNI**  
STAFF WRITER

Korman Communities Inc., a name that has become ubiquitous with furnished apartments and extended-stay accommodations, has ramped up its offerings to target elite clientele with discerning tastes.

Korman formed a new division called "aka" that caters to people who are used to being pampered and are accustomed to spacious accommodations and luxury. Be it a movie star or corporate executive, Korman is hoping to capture a niche that five-star hotels offer on an overnight basis but instead offer it on an extended basis — be it a week or a month. So far, the Plymouth Meeting company has committed roughly \$1 billion to the endeavor.

The division and brand, aka, stands for "also known as — your home away from home" as well as "A Korman Accommodation." Location is one of the main factors that makes aka different from Korman Suites, the residences the company began offering 45 years ago.

"When Korman Suites started in 1962 and 1963, we created something that we thought was very special and did it in areas that were good areas but you wouldn't say they are Triple A areas," said Steven H. Korman, CEO.

The Korman Suites, as the company bills itself, were short-term, furnished apartments in traditional residential settings where apartments were already clustered. They appealed to corporate executives as

well as others in need of temporary housing, such as someone going through a divorce or having a home built. By comparison, aka is in top-notch urban settings and so far sit among the country's toniest addresses.

"These properties are in Triple A locations," Korman said, adding they are spots where people want to be.

In New York that means in Sutton Place on 56th Street between 1st and 2nd avenues, Central Park along 58th Street between 5th and 6th avenues, the United Nations on 46th Street between 2nd and 3rd avenues and Times Square on 44th Street between 6th and Broadway. In Washington, that means two blocks from the White House.

In Philadelphia, it's Rittenhouse Square.

While location is paramount, so is creating an environment that would make someone spend between \$250 to \$900 a night — for the long haul. Korman has spent about \$15 million to gut the properties if need be and redevelop them into new apartments with fine appointments that would make a visitor feel right at home. Sometimes it's old hotels and apartment buildings that are being redeveloped; other times it's old office buildings.

The units vary in size but have ample living rooms, some with balconies, bedrooms and baths with fine linens and towel and fully loaded kitchens with limestone and granite countertops. All come with hotel amenities such as housekeeping and others have concierge service on site.

It's the combination of a prominent location with high-end accommodations that Korman and his team believe will find an audience for aka.

"It's recreating apartments with hotel services," Korman said.

How deep of a market exists for this

type of deluxe extended-stay apartment is unknown since it's so new at this level. Corporate housing, such as apartments for extended-stay business travelers, is not new and is a distinct separate lodging product, said Peter R. Tyson, vice president at PKF Consulting, a firm that specializes in the hospitality industry. For example, Marriott's ExecuStay program is similar to this but not specifically oriented to the upscale market, Tyson said.

*'When Korman Suites started in 1962 and 1963, we created something that we thought was very special and did it in areas that were good areas but you wouldn't say they are Triple A areas.'*

**Steven H. Korman,**  
CEO  
Korman Communities Inc.

"I'm sure there's demand for this type of product as upscale hotels do not particularly go after this demand because the costs to the guests are too high even with discounting, and the hotels are doing well selling to transient business," Tyson said, adding that there's likely a need for this level of long-term accommodation. "I'm just not at all sure how deep the market is and what the price points are."

In all, Korman has developed nine aka properties with plans for more. "It's growing pretty rapidly," Korman said.

[nkostelni@bizjournals.com](mailto:nkostelni@bizjournals.com) | 215-238-5139