

HOUSING OBSERVER 2017

Micro Apartments



Credit: Tien Sher Homes, Surrey, B.C. Project: "Balance"

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1. What are micro apartments?

The past few years have seen increasing interest in “micro apartments”. The term is used to describe units below conventional size, typically below 37 m² (400 sq. ft.) in floor area, complete with their own kitchen / cooking facilities and bathroom.

Very small apartments have long been a segment of the market in large European cities, and in Japan and Hong Kong, but have only recently become a distinct, sought-after, and heavily promoted option in large U.S. cities, and, more recently, in Canada.

Micro apartments can alternatively be seen as a repackaging and downsizing of the traditional studio or bachelor apartment, or as an upscaling of the single room occupancy (SRO) concept for a better-heeled clientele.

The term, however, carries specific connotations, relating to a whole package of features and accompanying amenities. Micro apartments are marketed as a *lifestyle*. They are promoted as economical accommodation for those wishing to trade off living space for location in a lively downtown district, use the city as their extended living room and backyard, and the local pubs, clubs and restaurants as their eating and meeting places. And, rather than offering scaled-down, bare-bones living quarters, they typically promise comfort and innovation in technological features, space-saving ideas, and community through shared amenities.



Figure 1 Micro apartment design with built-in cupboard storage and wall bed system

Credit: Tien Sher Homes, Surrey, B.C. Project: “Balance”

2. Why are they being built?

Micro units have been described as residential choices whose time has come. Soaring prices have put inner-city living out of reach for many. The micro apartment is hailed as an option to address this and enable younger working singles to obtain accommodation priced low enough to leave them sufficient disposable income to taste the joys of city life. Spare time to do this is also increased because of proximity to work, which reduces commuting time, and because of the limited maintenance required when living small.

Augmenting the demand for micro apartments is the trend toward getting married later and marriage breakup—which create a growing market for singles accommodation in Canadian cities. In Toronto, for example, of the growth in total households between 2006 and 2011, 80% could be attributed to single-person households.

From a developer's perspective, micro units can be an attractive product. While they are considerably cheaper than conventionally sized dwellings, buyers and renters are paying more on a square-footage basis, enabling developers to maximize their returns on a given site. Sales of micro condos have been outstanding in some markets, and micro apartment rental projects have also achieved high occupancy rates.

Small studio (also known as bachelor) apartments have always been available across Canadian cities of course, although often only a few per project, usually heralded in the “starting from ...” section of the billboard.

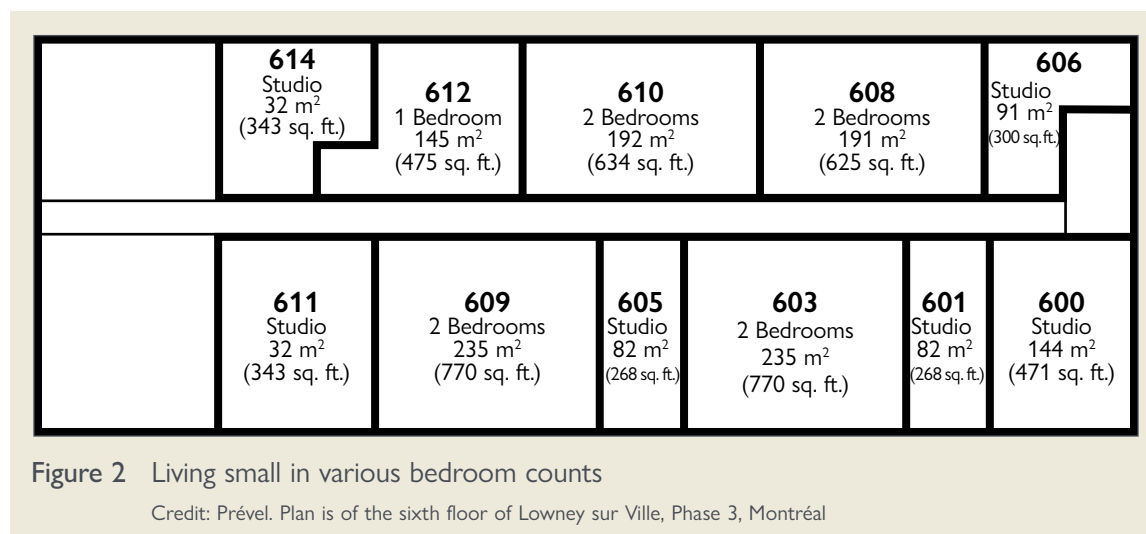
In a few cities now, in some developments, the focus and theme of the whole dwelling is living smart and small, and not only the studio apartments, but those with one or more separate bedrooms are micro in *concept*, with living room, bedroom, kitchen and bathroom all being well below conventional sizes.

3. Where can you find them?

Major areas where micro units are being built are listed below, with examples.

Montréal

In Montréal, Lowney sur Ville Phase 3 has studio apartments available at 25 m² (268 sq. ft.), which sold at \$112,000 in 2015, as well as some at 28 m² (300 sq. ft.) and 32 m² (343 sq. ft.). Figure 2 shows the layout of the sixth floor, with the four different-sized studio units.



Toronto

In Toronto, it has been suggested that there were more than 3,000 micro condo units under construction in 2015¹. Smart House is one which has positioned itself to offer the latest in smart house design and features. It offers 241 units ranging upwards from 27 m² (289 sq. ft.) in a 25-storey tower; for occupancy early in 2017. The project also includes very compact 1-, 2- and 3-bedroom units.

Calgary

Micro condos hit the market with a splash in Calgary with a hefty promotion campaign for the 14-storey tower INK in East Village in the inner city of Calgary, to be completed in 2018. The project includes studio apartments at 34 and 35 m² (368 and 378 sq. ft.) and one-bedroom units at 41 m² (444 sq. ft.). The studio units sold out within 3 weeks of launch in the fall of 2015.

Vancouver

In spite of the size restrictions in effect in Vancouver (see below), micro apartments are managing to appear in the city's housing inventory through refurbishment of defunct older single room occupancy (SRO) hotels, the first being the Burns Block in Gastown, which provides 30 rental units ranging from 20 to 27 m² (219 to 291 sq. ft.), all of which rented quickly.

¹ <http://kitchener.ctvnews.ca/thousands-of-micro-condos-under-construction-in-downtown-toronto-1.2227696>

Other markets in B.C.

Soaring prices in B.C. have also made micro apartments an attractive option in **Surrey, Kelowna** and **Victoria**. Enthusiastic and curious crowds attended the launch of the 35-storey, 406-unit Evolve Condos in **Surrey** in 2015, where the star attraction was a micro condo below \$100,000. In **Kelowna**, three micro unit projects were approved by council in early spring 2016, giving a total of 300 units. One of the projects is a row house development, another, accommodation for students. In **Victoria**, a micro condo project was created from the Janion, a former hotel, unoccupied since 1973. The resulting condos were 22 to 23 m² (243 to 252 sq. ft.) in size.

Ottawa

Downtown Ottawa is the home to Centropolis condos, a 108-unit building containing what have been described as “urban pods”. These range from 27 to 30 m² (295 to 315 sq. ft.), and were selling at \$118,000 to \$134,000 when the project was launched in 2012. The rooftop provides a patio area, barbecue and hot tub.

4. Any restrictions on building them?

Notable exceptions to the favorable reception that micro units are getting from municipalities in North America are New York and Vancouver, where minimum size restrictions exist and the cities are showing hesitancy in lifting them.

In New York, the hesitancy relates to historical memories of families crowded into tiny one-room accommodation, but the door opened a crack in 2013 with a design competition to explore the potential to address lack of affordable accommodation, completed in 2016.

In Vancouver, the cautiousness relates to the soaring house prices and the fear that allowing micro units could fuel land price escalation even further. By-laws set a minimum of 37 m² (398 sq. ft.) for condominium apartments, but the city has relaxed this to 30 m² (320 sq. ft.) for rental apartments.

5. Who is buying them?

While no detailed Canadian study has been published regarding those choosing micro apartments, comments from developers suggest a diversified market.

Aside from young professionals, the prime target market, others include first-time homeowners, wanting to get a foot on the property ladder, investors from Canada and overseas, and parents purchasing for children. Students provide a significant market for micro-rentals, as well as those just out of school who haven't accumulated much in the way of possessions.

A detailed U.S. study funded by the Urban Land Institute focusing on micro apartment rentals found that the vast majority are singles, with males slightly outnumbering females. The study found that most of those that are interested in renting a micro unit are willing to consider it in exchange for a lower monthly rent (approximately 20 to 30% below that of a conventionally-sized unit) and a highly desirable “authentic, urban, walkable, trendy” location.



6. How much will they cost you?

Prices of course vary by market. A significant additional cost can be parking, if you need it. For those buying a micro condo, parking can add \$30,000 to over \$60,000 to the price. However, the availability of transit, a bicycle or car sharing initiatives can eliminate the need for car ownership in downtown locations. Figure 3 shows some illustrative examples of sizes, prices and rents for micro apartments in the major markets where they are found.

Figure 3 Examples of sizes, prices and rents for some micro apartments in recent years (2012 – 2016)

City	Building	Type of Development	Studio Size (sq. ft.)	Approx. Price/Rent
Vancouver	Burns Block	Renovation of defunct hotel, 6-storey, 30 units	226-291	\$850 average rent in 2012; \$1100 in 2015
Surrey	Evolve Condos	35-storey, 407 units	316	\$93,900-\$99,900 at launch in 2015
Victoria	Janion Micro Lofts	Renovation of defunct hotel, 4-storey, 111 units	243-352	\$110,000-\$199,000 at launch in 2013
Calgary	INK	14-storey, 117 units	368	\$179,000 in 2015
Toronto	Smart House	25-storey, 256 units	289-535	\$284,000-\$590,000 in 2016
Montréal	Lowney sur Ville Phase 3	8-storey, 72 units	268-467	\$108,000
Ottawa	Centropolis (Kent St.)	5-storey, 121 units	295-315	\$118,000-\$134,000 in 2012. Current MLS listing at \$203,400

7. Making it easier to live in a small space

The popularity of micro units has spawned a new industry catering to space-saving furnishings and appliances such as:

- countertops and kitchen islands that extend to form a dining table;
- beds that fold into the wall, revealing a couch;
- fold-away and slide-away walls and doors;
- hidden storage, and ceiling-high closets and shelves;
- combination convection oven/microwave, washers/dryers.

Some micro condo developments are offering alternative customization packages to maximize free space and provide flexibility in altering living arrangements.

Micro apartments usually have high ceilings, to give a sense of space—2.9 m (9 ft. 6 in.) is common.

8. What else can you do in a micro apartment complex?

Micro apartments are being marketed as units that provide economical inner-city accommodation, with exceptional on-site communal amenities available, providing the opportunity to enjoy activities within the building and meet with others with similar interests.

Amenities offered may include:

- communal kitchens, barbecue pits and dining areas;
- gym / yoga room;
- business room with computers available;
- lounges, libraries, party rooms.



Figure 4 Get-together lounges are a selling point for micro apartments

Credit: Prével. Lowney sur Ville, Montréal

9. Limitations

There are obviously limitations to inviting the family or friends over for an intimate get together, and to raising a family. Reasons given for moving out of a micro unit include limited living space, lack of private space if sharing, and readiness to move in with a partner or close friend.

Check to determine if there are minimum square footage requirements, as some lenders and municipalities have restrictions.

10. Alternative views on micro apartments

1. Some argue that opening the door to micro apartments is leading us down the road to a new norm of cramped living (or regressing to a past one) in response to high prices—legitimizing them rather than doing something about them.
2. Enthusiasts argue that micro apartments are not just a poor substitute for conventionally-sized dwelling units, but something desirable in themselves, addressing a niche in the market. This view sees micro apartments as part of a trend toward living small out of choice, whether in micro apartments or their more rural counterpart, tiny homes.
3. Somewhere in between is the simple view that if you are happy to make the trade-off of space for an inner city location, then you should be allowed to do so.



Figure 5 Affordable micro apartments in Vancouver

In 2013, Atira Women's Resource Society opened an affordable Vancouver housing project, Oneesan, made up of 12 recycled shipping containers. The project received not only approval, but funding from the City (and other sources). The 26 to 27 m² (280 to 290 sq. ft.) units have kitchens, bathrooms, and in-suite laundries. Construction costs were \$82,000 per unit.

Credit: Altira Womens Resource Society

Selected reading

Living in 226 square feet on Vancouver's east side,

<http://www.theglobeandmail.com/life/home-and-garden/architecture/living-in-226-square-feet-on-vancouvers-east-side/article545555/>

<http://bc.ctvnews.ca/94k-micro-condo-in-surrey-attracts-hordes-of-home-buyers-1.2323058>

<http://business.financialpost.com/personal-finance/mortgages-real-estate/how-micro-condos-are-facing-their-first-real-test-in-canada-this-year>

Visit www.cmhc.ca/Observer to get the latest information

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