

Prefabricated Micro Apartments—Pretty Fabulous

by MILLER HAMRICK on APRIL 23, 2014



In a [previous blog](#), we introduced the micro-apartment trend and discussed whether it was the “real thing” or the latest fad in city living. The micro-apartments, or micro-units, as they’re sometimes called, average around 500 square feet or less and are geared toward young, single folks in urban locales.

Though to many Americans, living in a space smaller than 500 square feet means you’re in college or prison, others like those micro units. From the developer standpoint, one advantage of the micro units is that they’re small enough to be prefabricated. This means they’re 100% built in a weatherproof factory and are shipped with all rooms, windows, a door, air ducts and conduit already installed.

Once the prefab units are built, they’re placed on a flatbed truck and driven to the site, where they are stacked up like Legos—reducing the hard costs and the cost of time to construct a project. Even better; the prefabricated units are just as solid as those of traditional construction.

The technology behind prefab apartments isn’t new; Capsys Corp. has been building prefabricated units in its Brooklyn Shipyards factory since 1996. And in addition to slicing development costs, another benefit of these units is that they create much-needed jobs for skilled workers in a controlled factory setting. The capability to build these units so that “smart” technology – such as programmable thermostats and lights, and security systems already integrated into the units – also exists. Connecting the tenant with their unit, offering some level of “customization,” will illicit some sense of ownership that will doubtless help with retention.

In the previous blog, we wondered if there was enough demand to support the micro units, let alone those built the prefab way. Though hard and fast statistics about supply and demand in this specialized apartment niche are difficult to come by, we do know that the demographic to which these homes are directed is changing. We’re coming full circle to the lives our grandparents led.

In the previous century, during the post-World War II boom, people were drawn from far and wide to cities like Detroit, Pittsburgh and others. This was a time during which Americans made things... tangible things.

Then things changed as cities decayed and urban blight set in. People who could afford to do so escaped to the suburbs and sought larger homes on endless land. The average home ballooned in size 55% from 1973 (1,525 square feet) to its peak in 2007 at 2,277 square feet. Homeowners became comfortable not knowing their neighbors, and cities got a bad rap as places that were dirty, crime-ridden and not very good places to be.

Yet these days, many of our goods are imported from other places, and people in cities no longer create *things*, they create *ideas*. Ideas are not tangible; they’re transcendent and often ephemeral. And vibrant urban centers with thinkers seem to be the ideal locations for ideas to be shared, and to bloom.

Cities that consistently rank highest on many metrics, such as happiness, health and capital investment, to name a few, seem to understand the importance of attracting what urban studies theorist Richard Florida calls “The Creative Class.” These are individuals who earn their livings from their thoughts, such as academicians, artists, lawyers, physicians and entrepreneurs.

As the millennial generation moves into adulthood and into the workforce, we are seeing a cohort of people that is more transient and wants to live in cities. Once there, these individuals will find other thinkers. This, in turn, will lead to involvement in—and with—inspiring cultural activities and satisfying restaurants. The purpose of living in these cities is to *experience* the city, not isolation.

As such, an urban dwelling becomes more of a place to sleep and prepare simple meals. There is no need for a large space to watch television in a massive entertainment center, because much of the entertainment is found on the Internet. Think Netflix, Apple TV and iTunes, Google Chromecast and Hulu. Most of people’s important possessions fit onto a laptop, a hard drive or a phone. A recent study found out that millennials found the thought of being without their phone more distressing than being without their car.

For these people, and also developers, micro-unit apartments offer a free-market solution to affordable housing in cities where space is at a premium; think New York or San Francisco – cities where the average home price has approached or surpassed \$1 million.

As Americans reassess their dependency on automobiles and the sprawling suburban environment created to support this relationship, cities will continue to experience infill development and redevelopment in their urban cores. As demand for housing increases, so will the cost.

As such, the prefabricated micro apartment seems to be desirable, convenient and affordable from many different points of view.