



MARKET TRACKER FEBRUARY 2016

Micro houses in Europe: an urban trend born of economic necessity?

Rising population densities in cities coupled with higher rents and land prices – Europe is facing a challenge. One response takes the form of micro homes. These tiny houses provide a home to occupants who are ready to adapt to a completely new way of living. Is this the perfect solution for urban planners and the mobile generation?

Micro houses: a small wonder or wonderfully small

Urbanisation is a megatrend in Europe’s metropolitan areas, and it takes different forms depending on national construction regulations, cities’ specific structures and local housing preferences. One thing common to all regions is the demand for vibrant cities with affordable homes and compact structures. Against this backdrop, the property sector is currently witnessing an intense debate on the topic of micro homes, and it has identified a range of approaches to the issue, applying different names – such as single house, nomad home, mini house, micro home, tiny house, etc. – depending on the target group in question.

Some micro houses have the tremendous advantage of being small enough to enable transportation from one site to another, making them the ideal solution for modern nomads. In terms of environmental impact and financial cost, the main consideration driving the interest in micro houses is their low footprint, i.e. CO₂ production is minimised as they use green building materials, require little energy and occupy small sites. The latter aspect is an advantage when it comes to physical construction, as “upwards” is generally less expensive than “outwards”.

TAB. I: PROS AND CONS OF MICRO HOUSES

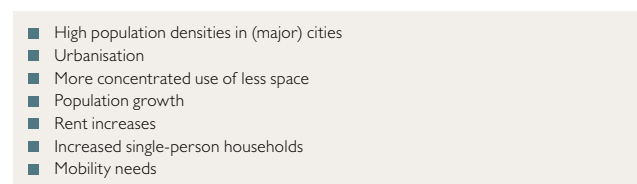
Pros:	Cons
■ Reduce things to their essentials	■ Small area
■ Easily financed residential property	■ Personal restrictions
■ More room for individuality	■ Added costs from acquisition of space-saving furnishings
■ Economic use of resources	■ Larger gatherings not possible
■ Economic use of space	■ External storage of belongings
■ Modern big-city living	■ Little storage space
■ City-centre living, shorter distances	■ Untidiness quickly becomes apparent
■ Mobility and expansion options	■ Accelerated wear of the property
■ Modern technology and design	■ Less privacy
■ Easy maintenance	

Source: Catella Research 2016

Does the home change you, or do you change the home?

Our society is evolving, which means our needs in terms of housing are also changing. Despite the compact building practices prevalent in Europe’s cities, only few have real experience relating to the issue of increased density. Not for nothing, Japan and other regions in Asia are considered to be the pioneers of “compressed living”. Regardless of our personal preferences, this new approach to housing requires one major change from us – we have to adapt to a new way of living.

FIG. I: REASONS BEHIND A SHIFT IN HOUSING HABITS IN EUROPE



Source: Catella Research 2016

Anyone who wants to get by in a micro house has to adjust their former habits to suit their new surroundings. Above all, it means scaling back, plus developing a certain affinity for minimalism. As a result, this lifestyle is primarily focused on a generation of flexible and generally mobile young people – the “25-hour” generation – whose lives are based on the concept of “always on the go”. They spend most of their time out of the house; the city itself is their home. Urban spaces evolve into collective living areas. Shared accommodation and social factors play a major role. Does this represent the start of an important demographic transformation?

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Less is more: what’s the best way to save space?

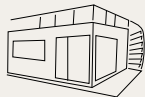
“Sharing” as a social notion was born in the USA, where young people often give strangers access to their homes, holiday accommodation or cars. This sharing culture is becoming increasingly popular in Europe (Airbnb, blablacar etc.). It results in two new social trends: “collaborative living” and “conceptual living”.

Collaborative living: This focuses on the idea that we will no longer live in fully equipped homes in the future. Instead, furnishings and features will be reduced to the bare essentials, with everything else being outsourced, i.e. washing machines, kitchen facilities and workspaces. Bars will become our living rooms, parks and cafés our workplaces.

Conceptual living: Here, living spaces will become more flexible and keep pace with the changing conditions governing our lives. The digital culture of swapping, adopting and adapting will be replicated in our physical environments and, increasingly, in the property sector. An individual’s home will no longer be measured in square metres, but it will instead “stretch” to comprise the space of the surrounding area. Despite reducing things to the bare minimum, nobody will suffer a drop in quality.

FIG. 2: THE EUROPEAN MICRO HOUSE: A PROFILE

- **Names:** Micro house, mini house, tiny house, single house, nomad house.
- **Market:** approx. 80 supplies in Europe
- **Size/layout:** 58% with floor space of 25-60 m², 13% ≤ 24 m², 29% ≥ 61 m²
- **Construction:** 55% wood, 18% stone, 11% plastic, 9% straw, foundations not present or supplemental; on wheels; on water (floating home); majority are fully fitted with sleeping area, cooking corner, bathroom, living room and terrace
- **Fittings:** from spartan & functional to luxurious
- **Price range:** €25,000 – €350,000 (luxury units)
- **Uses/suitability:** Weekend home, second home, site for parties, business/ display space, workspace
- **Prevalence in Europe:** Austria, Denmark, Estonia, Finland, Germany, Italy, Latvia, Lithuania, Poland, Sweden, Switzerland, Slovenia, UK

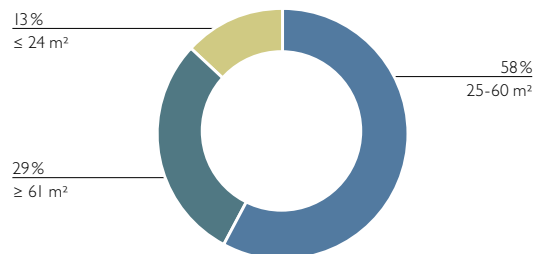


Source: Catella Research 2016

Homogeneous target group

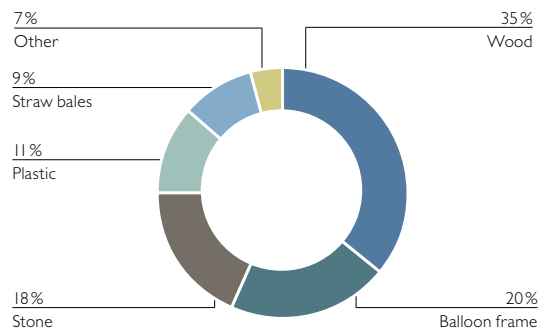
Starting in the USA, the tiny house trend has now arrived in Europe, where micro homes are subject to a wide array of different legal regulations regarding construction and planning permission. Austria, for example, has included them in its building codes, but in Germany they are normally placed on trailers, which means that owners only need somewhere to park them to avoid trouble with the local planning authorities. Many of these micro homes lack solid foundations, and some of them are even fitted with wheels, so they can be moved from one site to another with ease and speed.

FIG. 3: SIZE OF MICRO HOUSES IN EUROPE



Source: Catella Research 2016

FIG. 4: MOST FREQUENT CONSTRUCTION TECHNIQUES IN EUROPE



Source: Catella Research 2016

Spartan vs luxurious – minimalism is booming

Micro houses pose a challenge for creative architects and construction planners, because it’s not just their structure that is important, but also their features, with the possibilities ranging from very simple to high-end. When it comes to energy, micro houses are environmentally smart. Due to their compact structure, their insulation is generally so good that their energy needs can be met via autonomous solutions: carefully designed combinations of solar heating, heat circulation pumps and ventilation systems can free owners from having to make use of fossil fuels. The most widespread construction materials used for micro houses are wood and balloon framing, followed by stone construction. Timber micro homes are particularly common in Sweden, where sustainability (reduced energy consumption and size) is a key issue. Including a sleeping area, kitchenette, bathroom and small terrace, these mini-dwellings are only 10 m² in size, and they are primarily intended for students.

The most inexpensive micro homes are available fully-furnished for prices as low as approx. €25,000. Due to their small size, energy costs are similar to those associated with a modest flat.

Micro houses represent an interesting alternative in view of Europe’s current urban planning trends and social changes. They offer a space in which occupants must learn to limit themselves to the things they really need. All the same, they have not yet developed any real relevance for the market.