

Exploring the Viability of Micro-Apartments as a Solution to Housing Challenges in Slovenia

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Abstract. The housing marketplace with its complexity and interrelatedness poses several challenges as a marketing system. In the last few years, housing issues of young people have attracted attention both from scholars as well as public policy makers. On the one hand, although real estate prices have been increasing until the recession in 2008 hit and then drastically fell, overall high prices remain challenging for young buyers. On the other hand, loss of employment among young people in Slovenia has been spotted, taking various forms, from frequent episodes of unemployment to precarious employment. High prices and financial risk related to real estate purchase present two of the strongest barriers preventing young Slovenes from purchasing their own real estate. Interestingly, Slovenia has a prevalent share of owner-occupied dwellings compared to tenant-occupied dwellings. This somewhat unusual ownership structure goes back to the 90s when occupants of social rented apartments were offered to purchase their accommodations for very reasonable prices. In addition, building one's own house was much more accessible than nowadays. In general, Slovenes have more positive attitudes toward owning real estate than to renting it. Indeed, it remains a challenge to frame the accommodation rental as an attractive alternative to young people.

Looking at housing trends worldwide, it can be noticed that needs for accommodation space have been changing. Namely, less space is needed for living a quality life than in the past. In addition, downsizing in terms of dwelling size has been suggested as one of drivers of reduced environmental impact of housing. Young people with the desire to become independent might consider smaller apartments instead of coping with high expenses associated with bigger apartments. In light of these challenges, micro-apartments present an appealing solution for this segment of consumers (Shore, 2014). Micro-apartments are multiple small individual units in a single structure, especially appropriate for denser communities. They refer to newly constructed housing units that contain a private bathroom and kitchen or kitchenette, but that are significantly smaller than standard studios in a given city.

Hence, this research aims to empirically explore different factors of renting micro-apartment as a housing alternative for young people in Slovenia. Based on a mixed-methods approach (in-depth interviews and online questionnaires), the authors find that micro-apartments are perceived as an appealing housing alternative to young Slovenes. Three profiles of potential micro-apartment tenants have been identified in the qualitative study: students, young employees, and people who migrate on a weekly basis. The results of the quantitative study indicate that attitude toward micro-apartments is positively driven by one's attitude toward multi-functional furniture, sustainability- and cost-related benefits of small housing units. In view of the path coefficients obtained through the analysis, attitude toward multi-functional furniture appears to be the strongest determinant of one's attitude toward micro-apartments. As expected, attitude toward micro-apartments positively influences an individual's intention to rent a micro-apartment, and intention, in turn, has a positive influence on acceptable rental price for a micro-apartment.

Keywords: housing market, micro-apartments, young consumers