



Small in Size but Huge in Demand: Mickey Mouse Housing

By [PEARL LIM](#)



Singapore's small size and growing population (It has a resident population of 5.3 millions and an area of 714.3 sq km) has encouraged developers in the private residential market to economise on land space by churning out apartments less than 500 sq ft, known as shoebox or Mickey Mouse units [Some defines any unit smaller than 50 sq m (equivalent to 538.2 sq ft) as shoebox.], to house the growing population and meet the social aspiration of middle-class Singaporeans. In 2009 and 2010 alone, 2000 of such apartments were sold, compared to less than 1000 in the period from 2001 to 2008 (Ku, page 83). Meanwhile, by the close of 2015, 11,000 shoebox units are expected to be ready, “with 3,800 of these in suburban areas” (Teo).

But such tiny living spaces have sparked debate about the comfort level for occupiers. Indeed, it has even prompted outgoing CapitaLand CEO, Liew Mun Leong, to term shoebox units as “almost inhuman”. CapitaLand is also protesting against the construction of these apartments (Thakur and Amin). As if in agreement, the Government has intervened to limit the number of shoeboxes in areas outside of the central region. With effect from 4 November, the Urban Redevelopment

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Authority (URA) will impose a new rule that restricts the number of units that a developer of a non-landed private residential development in a suburban area can build (“New Rules ' Discourage' Shoebox Units Outside Central Area”).

A unique feature of shoebox units are their higher per square feet (psf) and lower absolute price, compared to larger private apartments. For example, the price range of a shoebox apartment varies between S\$500,000 to S\$700,000; in contrast a larger apartment typically costs S\$1 million and above. However, on a psf basis, the former can go for S\$1,200 on average and the latter S\$1,000.

Nevertheless, sales for shoebox units has been robust. For the third quarter of this year , these apartments account for 16 per cent of total private property sales, according to the URA. So why the popularity of such cramped living conditions? According to a Straits Times article (“NUS EXPERT SERIES; The Rise and Rise of Shoebox Units”) by three NUS dons, they point out the attractiveness of shoebox units to certain segments of the population because of its lower absolute price. These segments are investors, young couples, retirees, people who are not qualified for subsidised HDB but find larger private housing unaffordable. However, experts are cautioning investors to think before they leap.

In a Straits Times article (Teo), it is reported that the mushrooming of shoebox apartments in suburban areas has led analysts to warn investors that the rental yields may not justify the hefty price tags. These shoebox apartments are priced similarly to those in the central areas, but the rental they could generate are likely to be lower. Currently, figures from the Singapore Real Estate Exchange (SRX) suggest that rentals rates are comparable in both areas, but as the supply of shoebox apartments and larger apartments proliferate in the suburban in the next few years, rental



yield for the former are expected to dip.

Nevertheless, rental yields for shoebox apartments in October and November are holding up despite the slide in overall rentals. Figures show that average monthly rentals fell from S\$3.88 psf in the third quarter to S\$3.84 psf for the two months. But shoebox apartments showed a slight uptick from the 3Q2012 of S\$6.61 psf to S\$6.65 psf.

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