

Report and Recommendations: Loft Housing

**Topic:**

What are the underlying elements of success for loft development?

Objective:

To understand how small lofts can be, review how much finish they need, view different floor plans, analyze renting vs. buying lofts, distinguish between urban and suburban lofts, review 20 loft building sale prices and square footages, and better understand buyer demographics.

Usefulness:

This will provide a comprehensive design and development guide for future loft development that recommend loft types, square footages, finishes and amenities according to target market and site location characteristics.

The Report

What is a loft?

A loft was originally known as a living space converted into rooms of all space built above a garage room, such as a storage room.

However, as the residential units that utilized the loft concept as a living room became vastly popular, the definition expanded to include units that had the design elements associated with it. The original residential lofts: tall ceilings (7' and more, but as low as 10'), large windows (open floor plans, all within a walkable, urban location).

Multi-Family Housing Council
Metropolitan Consumers—single people and couples alike, usually found in high density locations near city centers, where outdoor living is limited and indoor space is cherished. Loft apartments built in areas with a wide range of urban amenities, such as coffeehouses, bookstores, live entertainment, and fashionable eateries, were the first to be developed. They began to build new industrial units in urban and close-to-urban locations.”

What are the different types of lofts?

- Full Level/New York style artist lofts - Architecture above, these units have enclosed bedrooms and interior walls, but no overhead ceilings (10'), and often include a home theater for movies. These attract a premium and were the lofts upon which the movement began.
- Industrial Lofts - The most common form of loft today, usually converted warehouses and sometimes entirely new buildings, with high exposed ceilings, interior walls, expansive windows and no lofted bedrooms.
- Loft Type Units - These are the next generation multi-family housing units inspired by the loft, though with interior walls/enclosed bedrooms. They have high exposed ceilings (min. 10'), large windows (min. 6'), open floor plans, and typically within a walkable urban or suburban town center location, very rare in isolated locations.

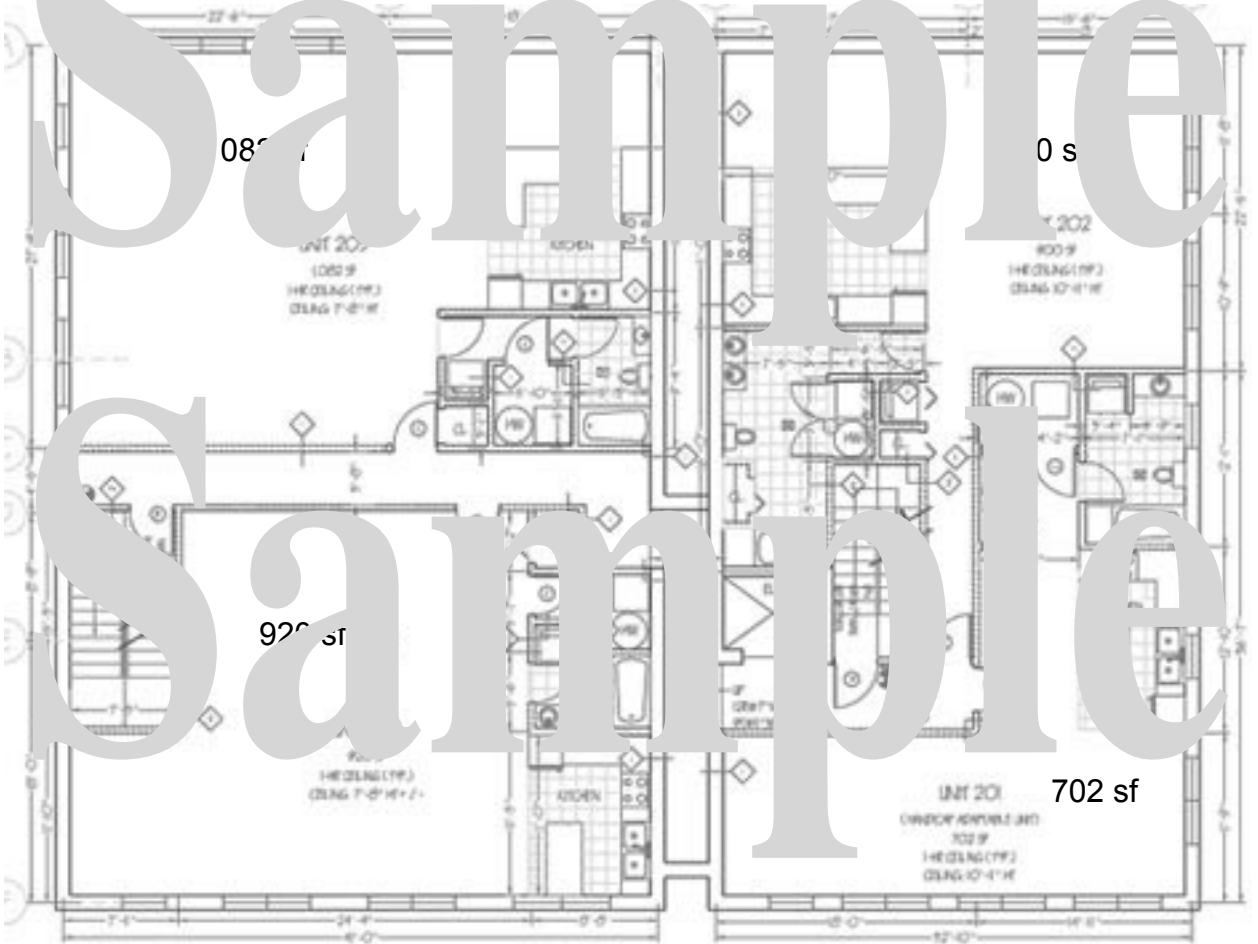
What are the loft unit floor plans?

The following six pages illustrate loft floor plans. Notice that nearly all of the bedroom units have no interior walls and effectively studios, no matter how large the units are. That's a true loft.



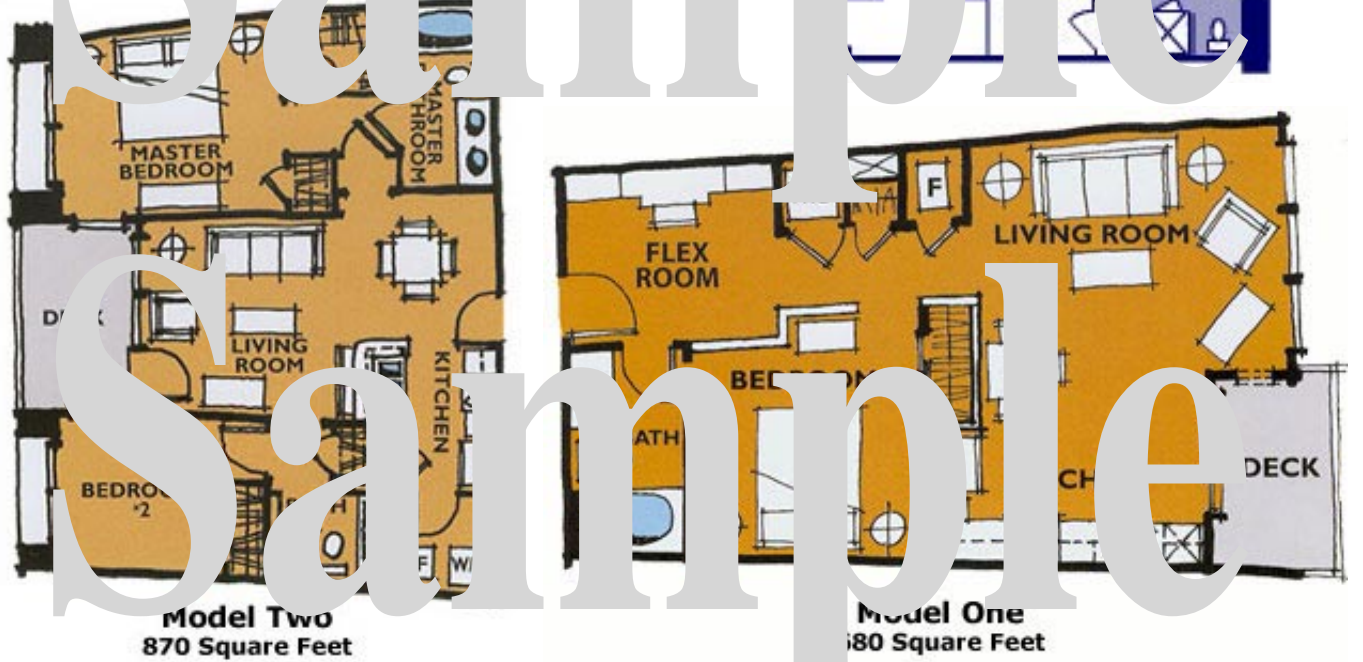
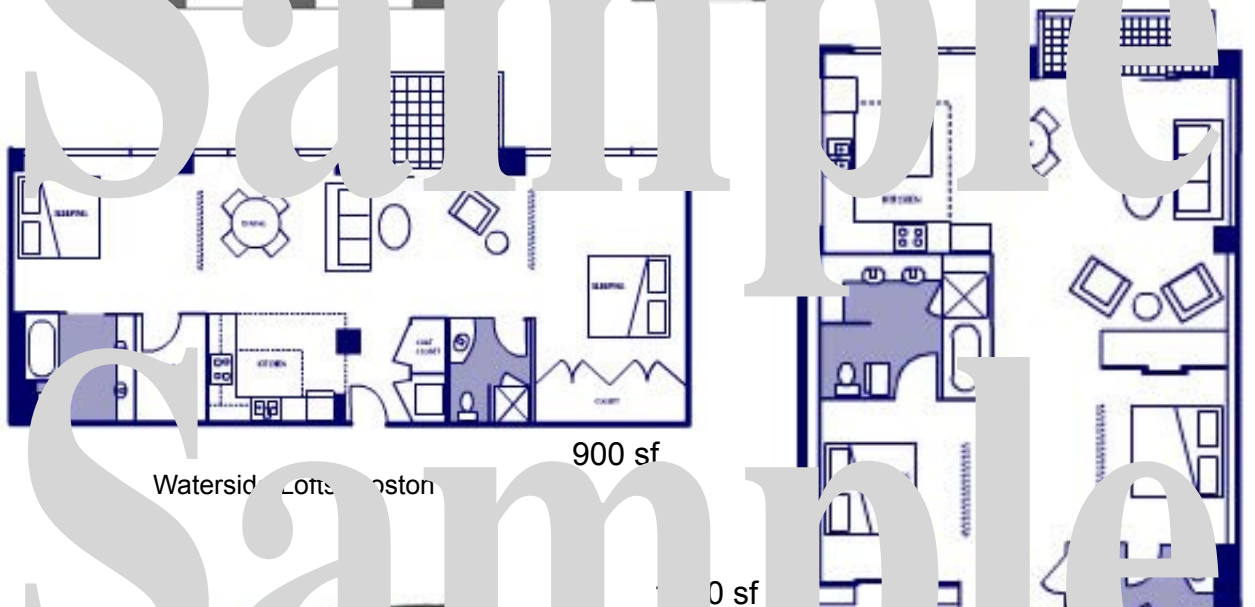
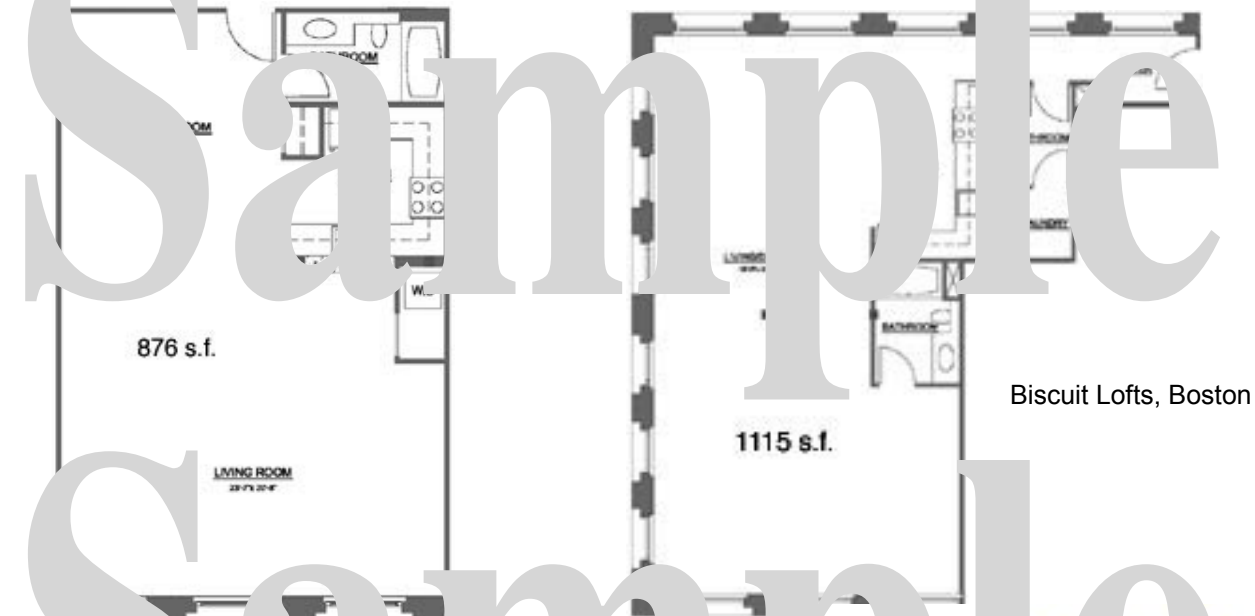


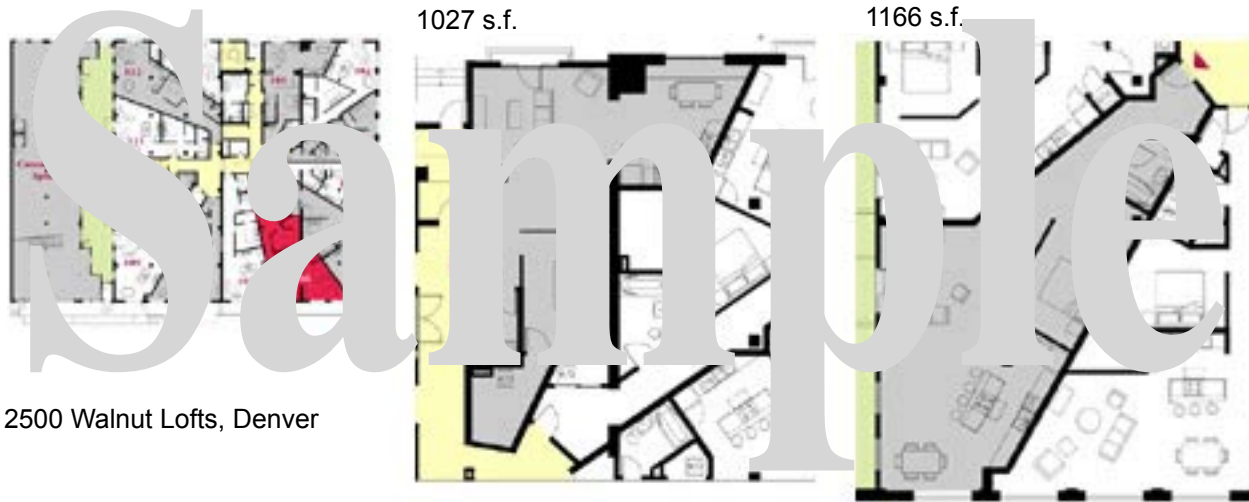
The Kitchen Lofts, Orenco Station, Portland, OR



Paris Flats, Boston

Sample

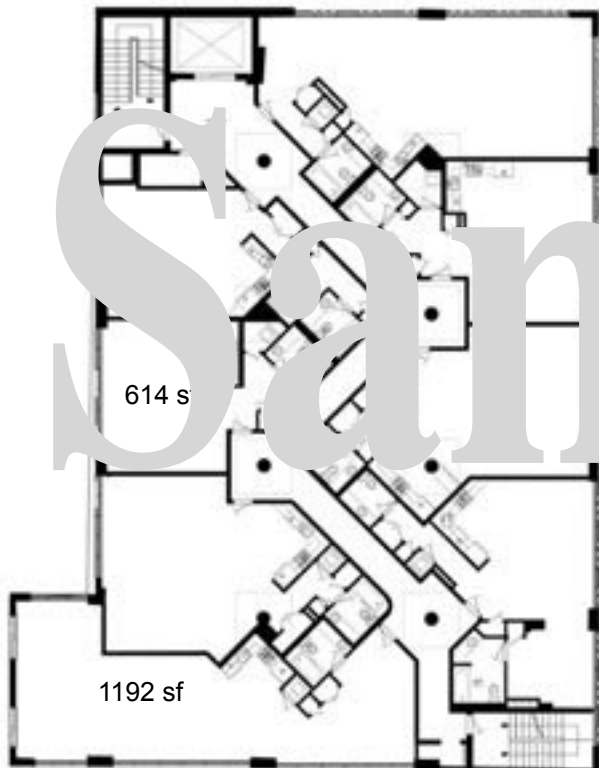
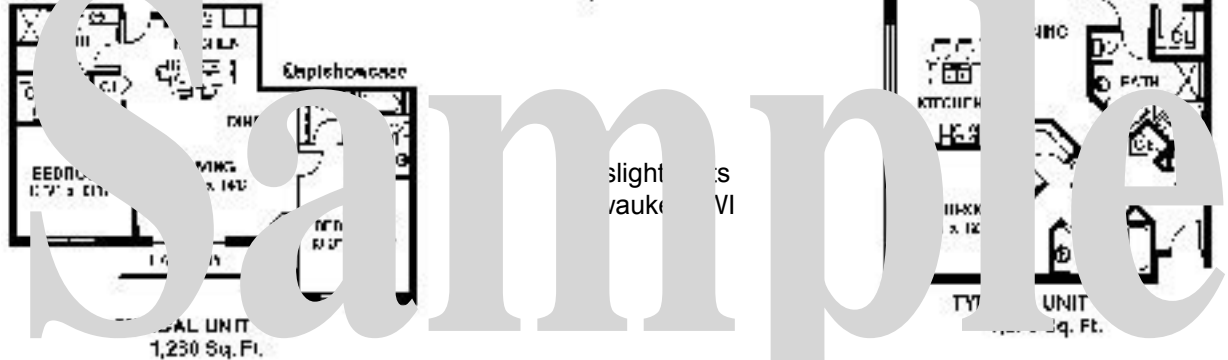
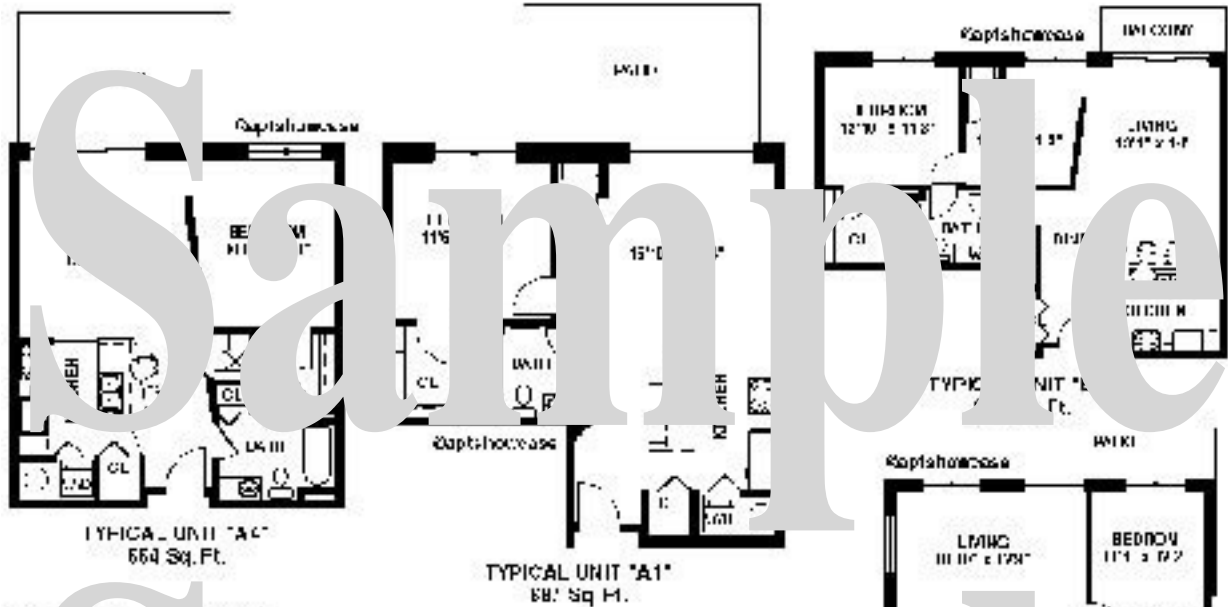




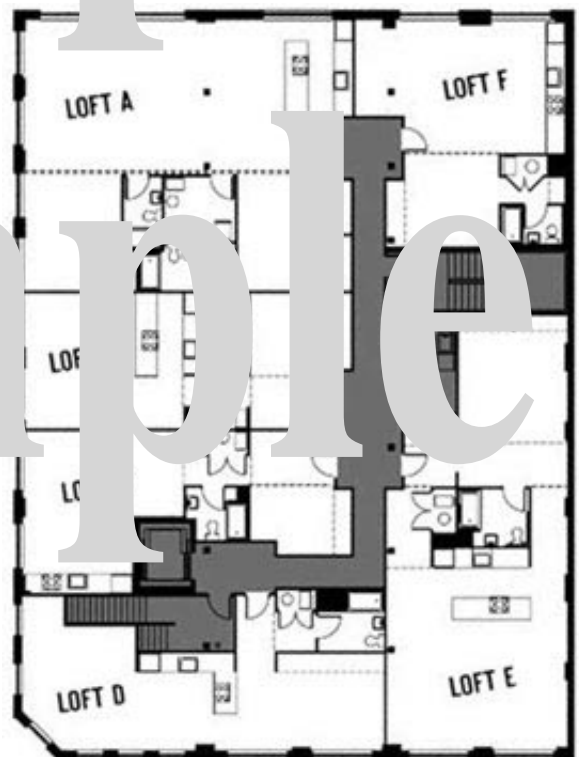
2500 Walnut Lofts, Denver



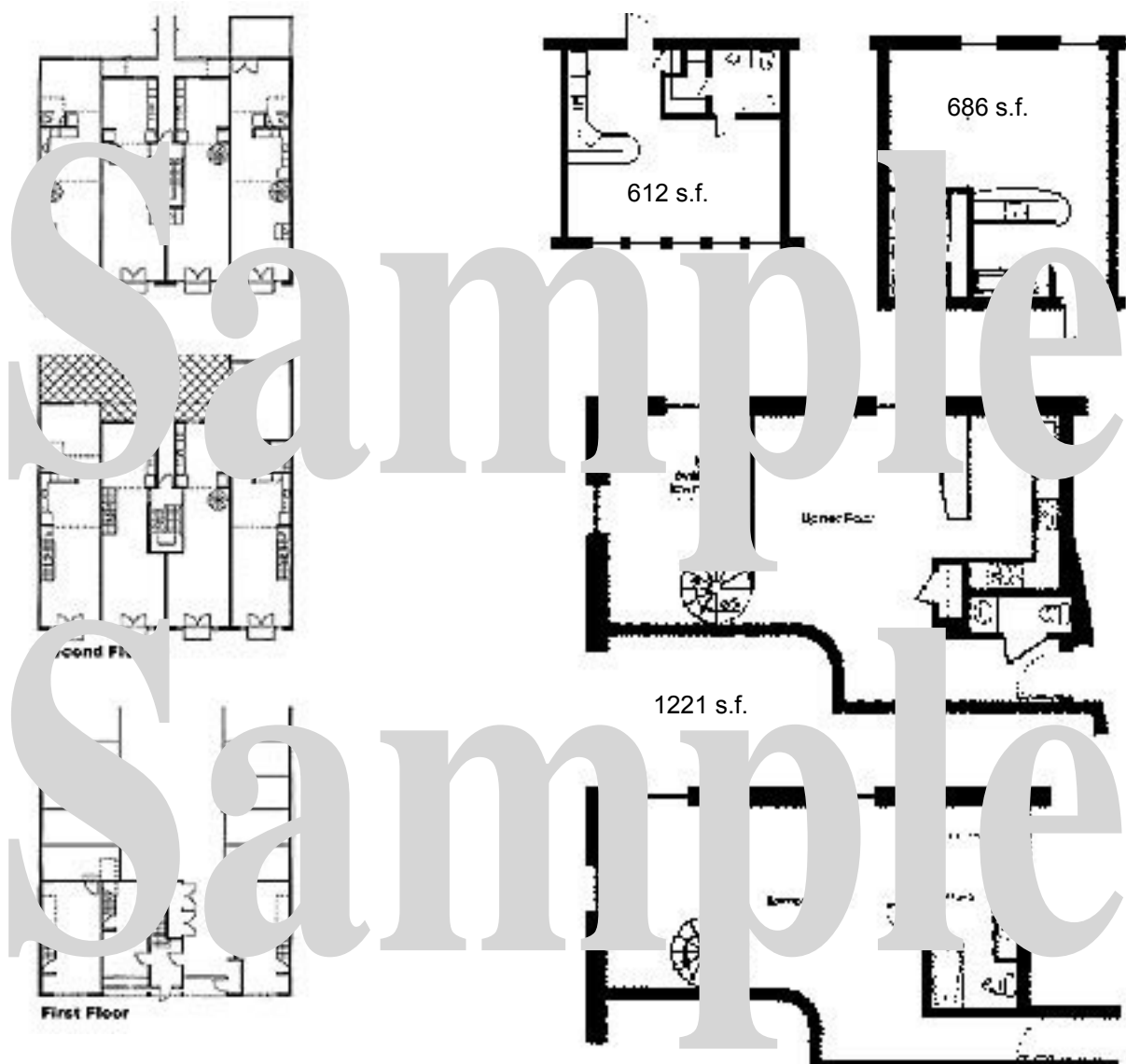
Shoeworks Lofts, Milwaukee, WI



Toy Factory Lofts, Brooklyn

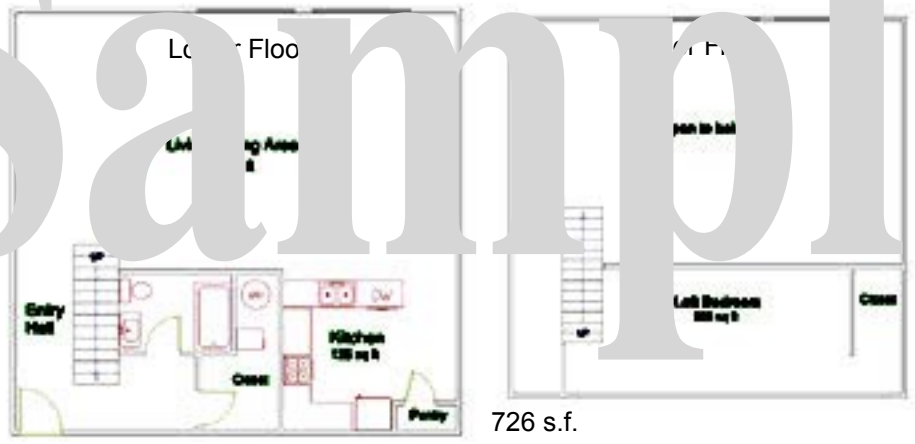


Brakehouse Lofts, Pittsburgh, 727-1561 s.f.

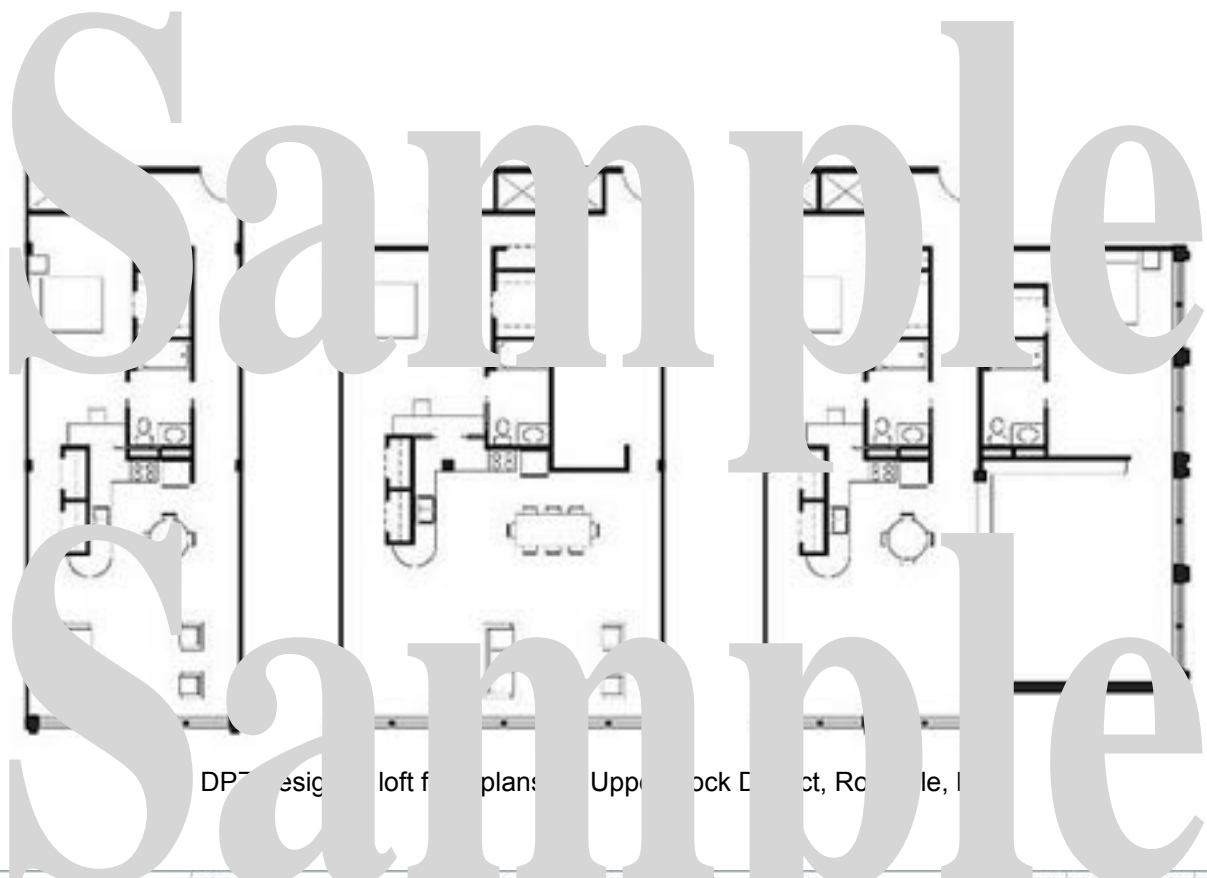


Gilbert Street Lofts, San Francisco

Lofts at Albuquerque High, Albuquerque, NM



Kinsey Lofts, Cincinnati, OH



DP7 design loft floor plans Upper Stock District, Rockledge, Portland, OR

Project	City		# units	< st	> st	< \$	> \$	<H	>H	
BR	Year	\$/sf
Orenco Station Kitchen Lofts	Portland	new	22	664	828	\$125,000	\$155,000	10	10	1	1	2001	\$188
Wood Street Lofts	Philadelphia	old	6	1200	1600	\$300,000	\$450,000			1	4		\$250
Paris Flats	Boston	old	13	690	1572	\$234,000	\$469,900	8	16	1	1	2004	\$340
One First	Boston	old	49	692	2193	\$395,000	\$1,100,000	11	11			2006	\$571
Biscuit Lofts	Boston	old	20	830	1115	\$220,000	\$349,900	12	12			2005	\$265
Charleston Lofts	Boston	old	155	700	1600	\$215,000	\$540,000		12			2005	\$307
Waterside Lofts	Denver	new	164	910	2400	\$375,000	\$919,000	10	1	3	3	2002	\$412
Lofts at Staple	Denver	new	37	680	1900	\$190,000	\$300,000		19	1	2	2005	\$279
2500 Walnut L	Denver	old	40	693	1382	\$175,000	\$375,000					2004	\$253
Western Leather	Milwaukee	old	5	500	1000	\$80,000	\$199,000					1999	\$163
Shoeworks	Milwaukee	new	34	1000	2400	\$129,000	\$199,000	12	1	1	1	2003	\$162
Gaslight Lofts	Milwaukee	new	188	1000	1500	\$235,000	\$300,000	10	1	1	1	2004	\$354
Lofts 24	Silver Spring	new	24	1000	1500	\$350,000	\$400,000		16			2005	
Toy Factory Lofts	Brooklyn	old	56	1000	1100	\$220,000	\$300,000	11	1	1	2	2004	\$367
161 Gilbert Street Lofts	San Francisco	new	16	1000	1600	\$198,000	\$300,000					2001	\$229
Lofts at Albuquerque High	Albuquerque	old	56	1000	1600	\$88,000	\$100,000	12	1	1	2	2005	\$147
The Brake House	Pittsburgh	old	18	1000	1500	\$120,000	\$2,200,000		15		2	2002	\$1.13
Ballpark Lofts	Denver	new	355	610	1670	\$3,155	\$3,155	10	12	1	3	2004	\$1.48
Kinsey Flats	Cincinnati	old	25	726	1050	\$995	\$995	14	17	1	2	2003	\$0.93
Lofts at Albuquerque High	Albuquerque	old	70	500	1329	\$1,325	\$1,325	13	15	1	2	2002	\$1.05

It's clear to see from the far right column (\$/s.f. for the smallest unit) that lofts attract a premium, even at under 100 s.f. There are also more new lofts being built as the stock of warehouses decreases. Most of the lofts are for-sale (see for-sale vs. renting), and some are for rent only to be sold as condos to take advantage of historical tax credits. Ceiling heights average 10' and 11'—many units less than 10' would be classified as apartments. Projects with varying ceiling heights usually means the developer threw a few one-loft units into the mix even though the project's name was the for-sale lofts unit. Every project had a mix of for-sale and rent only, the smallest units were sold at a profit across the board for every size of project.

How small can they be and how much money do they command? Detail examples to see.

Of the twenty reviewed loft projects, the average unit size was 700 s.f. and two-thirds were less than 500 s.f. All of the smallest units in the reviewed projects were sold and could be built in the building that was built. One-third of the projects of these sizes all sell for less than \$200,000, and two-thirds of these were in the same city (San Francisco). This is already a premium just to have the privilege of living in an urban area with amenities within walking distance. As one successful loft developer in San Francisco put it, "I'd love to have any 600-sq-ft unit that I can get for the price I can pay today. My price today would be closer to \$100,000 for that loft."

What's the low-down on renting vs. buying lofts?

"Renting is often cheaper than buying if you expect to move soon," says Eric Tyson, co-author of "How to Buy For Dummies." That's about three to five years, and your home needs to appreciate at least 15% to make buying more profitable than renting within that three years to make up for home buying costs, time and energy. This is what makes purchasing lofts a popular option in up-and-coming neighborhoods that have returned the economy yet like in Baltimore and Pittsburgh and rent for the preferred choice well-established neighborhoods like Denver. Lower rents in town and in New York City, especially with higher professionals, prefer their buildings offer as much maintenance and as many amenities to live in than in their brief stays, such as with cars, business centers, 24-hour fitness desks, concierge services and cycle cafes. They're willing to pay a little more in exchange for these conveniences that will make their short stay more pleasant. It's kind of in between a hotel and a permanent residence.

Renters are also more apt to occupy buildings that would normally be deemed temporary living, such as in 300+ unit complexes or sub-700 s.f. units. There's a national loft rent finder here. The Canfield Lofts are listed. There are hundreds of lofts projects with units for rent. See 'Top 10 Loft Examples'. There are hundreds in DC alone, as this guide hints at here.

How do urban examples differ from suburban or village main street examples?

Large urban lofts, especially, are more sensitive to the surrounding urban or village main street. Thus, these lofts are typically not street-level, but rather on the second or third floor. A suburban loft is almost an oxymoron since rarely do the urban conditions into rooms, nor do the surrounding buildings for conversion, nor is it a creative artists or already unfurnished growing trend for multi-family urban in the suburbs to have the same amenities (massed bedrooms, baths) of single-family homes for people who don't want the interior/bathroom, but rather to keep everything else. This does not apply to lofts, which are meant as an open space. However, pseudo, luxury-oriented lofts are selling like crazy in suburban Atlanta's, which are essentially standard apartments with higher ceilings, larger windows, open floor plans and brick for the interior side of the exterior walls. They are completely furnished and finished, with community swimming pools, gyms and lobbies. True lofts provide only space with minimal amenities to maintain affordability.

Who buys lofts; women, men, married, older, younger, gays, straights, etc.

Singles, married couples, young, single, gay, and women. Lofts are essentially tied to the city, and this typically means married couples with or without kids are not interested. Because the loft is far from the support of the usual professions or

business-successful artists (ie studio producers). Empty nesters seeking less maintenance are attracted to the larger loft units in the village main streets districts. The majority of loft buyers, by far, are highly affluent, simply because the demand greatly outweighs the supply.

How are bedrooms perceived in lofts?

“People have reservations about living in a loft because they don’t have a bedroom (and sometimes use the existing bedroom as a media room or study). When close, instead, a unit with one or two bedrooms.

Multi-Family Housing

What are design considerations for double-height corridors?

Because the bedrooms are often “official” on the wide side, they are usually partially covered off, have open or glazed upper walls, or raised floors (20-24” high) to allow for natural lighting.

Urban Loft Examples

For Sale: Seattle, WA: 1310 East Union Lofts, Seattle

The 10-unit project on a tiny 40’x80’ site had a 65 ft/5-story height limit, so the building was designed with the top two levels being for living and dining. The building was lit with construction rooms to expose steel and concrete. The building was refinished with the look of a high-end month-long project. There was a lot of space for living and dining. The building used German two-level hydraulic parking system, with a room 10 ft over for a 1000 sq ft space. The parking was so separate that it cost \$1000 for the lower floor, \$1500 for the upper floors, keeping the building with a high-end look. In the 10,000 sq ft project, the parking was from 600 sq ft to 1000 sq ft and were sold at prices from \$269,000 to \$710,000 for penthouse units. Resale prices have escalated sharply. Part of their appeal is the light and air created by stretching the units across the entire floor and providing them with fully-glazed walls on the other side, eliminating the need for AC, strengthened by X-braces. A ‘convertible car’ feature was a huge hit, with a glass roll-up garage-type door that opened the unit up to the outside. Buyers liked the flexible space and finished kitchen cabinets. Construction costs for the pioneering project exceeded the budgeted \$1000/sq ft budget. Suggestions for lowering costs include: “make sure the floor plans and plumbing start precisely, and resist changing them; minimize the number of different subcontractors; and make the most of the site. At 109 sq ft/sq ft, so that to design-conscious buyers and professionals in the 10s to 100s, including attorneys, financial analysts, high-end retail executives, and working professionals.”

For Rent: Philadelphia, PA: The Lofts at Logan Valley

Residents of this 108-unit project are enjoying a \$1000/mo. rent. The building features “Most apartments feature high wood beam ceilings, exposed brick walls, and oversized windows that fill the rooms with natural light. Spiral staircases lead to second floor bedrooms or dens that overlook the living room. All residences feature European-style gourmet kitchens, a breakfast bar, a pass-through, plush wall-to-wall carpeting, individually controlled heating and air conditioning, and a washer/dryer.”

For-Rent: Washington DC: The Hudson

This new 87-unit project in DC has units that start at 676 sf for \$1875. It's not a loft in the conventional sense (only 9' ceilings), but it looks exactly like one from the outside, with floor-to-ceiling, wall-to-wall windows. With 10' ceilings this would be a great model for how to provide exciting urban living in an extremely compact and space-efficient double-loaded corridor foot print.

For-Sale, Oakland, California: Line Lofts

The 40-unit, 1.5 million project involved re-freshing an existing building, includes computer lab and a large community space that can be used as a conference center or a classroom. Oakland residents particularly interested in this project are those who can earn \$35,000 a year to rent for one of the 38 rentals.

For-Sale, Denver, 2500 Walnut Lofts

This 40-unit warehouse conversion features the most unique floor plan layout of any loft building around, designed in a sunburst pattern to maximize light to each unit. The unit range in size from 750 to 1,000 square feet and prices range from \$175,000.00 to \$375,000.00.

Denver loft history:

Loft conversions in downtown (J. Do) this is a conversion of an old brick building with 450 lofts were built from 1997, selling at a premium for 200%. Development started at the start of the century, warehouse conversions decreased. As a result, new construction of lofts, some of the first two loft projects were selling - 64-unit development sold out shortly after opening. The 'Next Lofts', in Golden Triangle area with 6.5 million of development land had a unit \$1 million loft project completed in 1998 and a 4 loft project with 10 units developed and sold in 1996.

Village Main Street Lofts

For-Sale, Minneapolis, MN: Marketplace Lofts

Very attractive elevations. Though the project markets itself as a loft and looks like it from the outside, the ceilings are mostly only 9' and the windows are not large enough. However, it does have an open floor plan with the kitchen and living room, and a sliding door from the bedroom to open up the living room. Unit range typically from 700 to 900 sf, up to 1400.

Loft parking and car sharing

Hoyt Street Properties Portland's latest developer the creative class oriented Pearl District, convinced the city to provide the first two on street parking spaces in the district for car sharing. Several buyers of Hoyt Street car lots condominiums in the district have forgone purchasing parking spaces, become carless, and now use Flexcar along with public transit. They save the initial capital costs of about \$15,000 for parking spaces that would be sold separately from the lofts, the costs of car ownership at \$5,000 a year, and parking expenses.



Implementation Strategy

Attainability

The majority of lofts that are built are not affordable by most of the population, and definitely not affordable to the people who desire them most (creative class), and ironically, originally designed for. Here are ways to produce attainable units:

- Site densities are not a factor, provided a major portion of the units are under 1000 sq ft. People don't pay for the size of the building they're paying for the privilege of living in their own neighborhood. A desirable neighborhood is a neighborhood.
- No interior walls: Most lofts have interior walls instead have partitions that can be moved to create larger or smaller spaces.
- Amenities: Provide none. No doorman, no bike room, no community room, no lobby. However, storage is needed in the basement, and a simple roof garden would probably

fetch another \$5000 per unit in value and sell much faster.

- Finishes: The walls do need to be smooth and base painted. The unit has to look decent at the selling point. That also goes for kitchen cabinets - Ikea is more than satisfactory, it's preferred. Provide two units "Room and a half" units, show the creative people to buy lower and finish their own. Join floors walls. Every beta community knows how many of these units to provide.

- Exposed utilities: Minimum ceiling height 7'6" / electrical conduits exposed (see image below) is less than is covered.

- Underground parking: No car club is a major plus. Provide an unbuilt and a garage for lease. Even if there's an option to buy parking spaces, even single buyer will do so to protect resale value, especially in a high turnover market as urban residences are.

Wayne State University Project

- Most non-student buyers will be interested in purchasing for one major reason - they know the project will rise significantly in value within the first year, and people would rather take the appreciation rather than in rent hikes. There is also very few products of this kind in the area. Most people will want to take a chance with a small investment. If the units must be leased, the lease should be given some kind of insurance that the rent would rise along with the property values. It must be no secret to provide an affordable living space even in a luxury housing market.

- The entertainment zone design well there should be covered by a 10-15' and 20-30 s.f. unit. The design of the building should be as simple as possible, and the easiest way to do that is to provide the most attainable products. It should follow all of the attainability principles laid out above.

- The design should be timeless modern, not colonial brick or vinyl siding. See inset image of Gilbert Street Lofts in San Francisco. Loft buyers are contemporary thinkers and prefer

architecture that reflects the times, yet won't go out of style in 20 years.

- Do not build loft buildings with more than 50-60 units. These begin to look corporate, institutional, and lose the sense of individuality that creatives desire. I myself live in a 40-unit building, and what is already considered too much of a loss of identity for people to stay longer than a couple of years. Buildings under 30 units are ideal - the fewer the better.

- The units should definitely feature some entertainment amenity, and perhaps the NY-style as they are only designed for the most creative, but the type of people that thrive on social activity. A tireless job lined with the magic 15th floor view and entertainment scene would be a new frontier for remaining in the country. The can be extremely narrow units - 5' - maximum.

Downtown, LaGrange

Follows the mostly same principles as Wayne State University however, it depends on where in the downtown these lofts will be. The pool site off the main streets will larger units than the ones built directly in downtown, since the location of the latter is much more desirable.

Big Springs, LaGrange

While the lofts should be preserved for the downtown to avoid competition, the multi-family units in the Big Springs project should be a variety of units, especially since the view of this product type is needed and there is a demand in the area, including Atlanta as detailed in the report. These would be multi-family units with 10' exposure, ceiling 6' with windows, on floor plans and located around the town center. Hollywood floors, 10' finished - cabriole. Some floors start at around 900 sq. ft., go as high as 2500 sq. ft. for empty units serving some family sizes without the maintenance issues - walk-in amenities - not growing too large. They should be allowed to purchase to take advantage of expected appreciation, and rental units should be provided at smaller starting square footages, at around 800 sq. ft. since they won't be carrying much between moves.

Appendix

Websites of profiled loft developments listed in table.

<http://www.prenco.com/kloft>
<http://www.sonl.com/us/p/delp/1215/od/ir...htm>
<http://www.bostonlofts.com>
<http://www.ourfirst.com>
<http://www.boutique.com>
<http://www.watersidelofts.com>
<http://www.theloftsatstapleton.com>
<http://www.2500walnutlofts.com>
<http://www.tandemdevelopers.com/brewershillcommons/sioeworkslofts.shtml>
http://www.apts showcase.com/detail.php?apt_id=792
<http://www.sos24.com>
<http://www.theoyfactorylofts.com>
<http://www.buideronline.com/content/special-reports/livework/features/housingthatworks2.html>
<http://www.abqhigh.com/apartment/feature/>
http://www.property.com/b..._ho
<http://www.parklofts.com>
<http://www.innovators.com/kingsflats>
<http://www.abqhigh.com/apartment/lofts.shtml>