

Manufactured Housing: An Industry Overview

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Presenter:
Jason Boehlert
Manufactured Housing Institute
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Manufactured housing critical to housing market and American economy

- What is Manufactured Housing
- Economic Contribution
- The Market We Serve
- Historical Industry Trends
- Industry Outlook
- Policy Areas of Interest



What is Manufactured Housing

- Homes built in a factory to the Federal Manufactured Home Construction & Safety Standards (the “HUD Code”)
- The HUD Code is the only federally-regulated residential building code
- Distinctive business model: Homes built indoors in a climate controlled setting, sold through a retail network, finished at the site by installation professionals



Advantages in Quality and Cost

- Precision Built
 - Homes are tighter, stronger, and built with greater dimensional accuracy than site-built homes
- Quality
 - QC oversight is continuous, with three layers of oversight nationally administered by HUD
- Efficient Use of Skills/Resources
 - High Volume, skills integrated production and volume materials purchasing
- Green
 - Optimal material use, minimal waste and recycling makes factory building inherently green







The Perception



The Reality



Newport Beach, California





Raleigh, North Carolina





Chantilly, Virginia



Tampa, Florida





Grayslake, Illinois



Germantown, Wisconsin



Tucson, Arizona





Mobile, Alabama

Economic Profile

(as of May 2012)

- 46 corporations
 - BRK, CVCO, SKY
- 122 home building facilities
- 4,000 home sales centers
- 50,000 land-lease communities (REITs)
 - ELS, UMH, SUN
- 51,606 homes built in 2011
 - 14% of all new housing in 2011
- Approximately 75,000 full-time U.S. based employees

Source: U.S. Census, IBTS, MHI



Serving a Vital Market

- 2011: Manufactured housing accounted for
 - 30% of all new homes sold under \$200,000
 - 50% of all new homes sold under \$150,000
 - 71% of all new homes sold under \$125,000
- 2 of every 3 manufactured homes are in rural areas

Source: MHI, U.S. Census



Serving a Vital Market

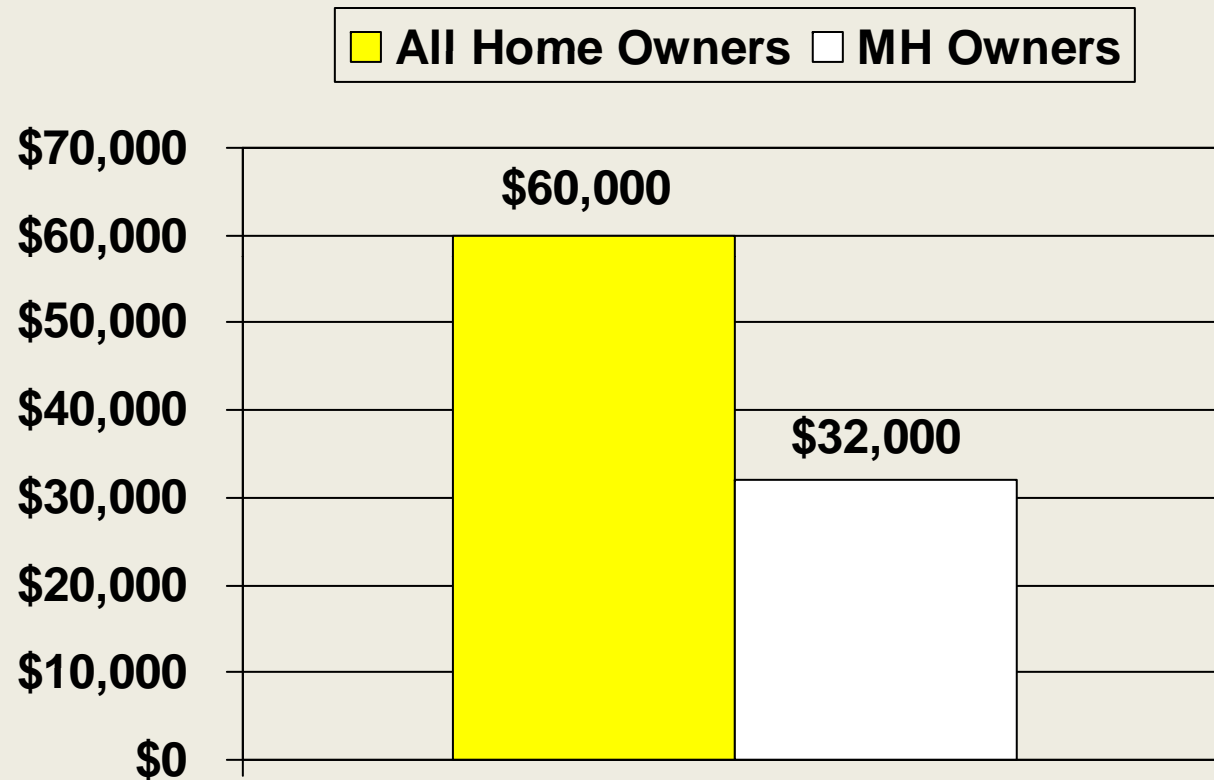
- Best Value Proposition
 - Average Price Without Land
 - Manufactured Home - \$62,800 or \$41.45 per SF
 - Site-Built Home - \$206,560 or \$84.07 per SF
- Homes Placed Anywhere
 - 70-75 percent on private property
 - 20-25 percent in residential land-lease communities





Manufactured Housing: America's Sustainable and Reliable Housing Solution

Serving a Vital Market



73% of manufactured home households earn less than \$50,000

Source: U.S. Census, American Housing Survey

Historical Trends

- 8.7 million households with 22 million people live in manufactured homes (6.7% of nation's housing stock/9% of single family housing stock)
- Since 1989: Manufactured housing accounted for 21.5% of all new single family homes sold
- 2002- 2005: Market imbalance due to subprime activity in site-built market

Source: U.S. Census, American Housing Survey, MHI



Historical Trends

- New single family site-built homes sold in the US has declined by 76% since its peak in 2005
- New manufactured homes sold in the US has declined by 57%



Source: U.S. Census

Industry Outlook Positive

- Manufactured housing is back on the rise over the past two years, since bottom in 2009. Currently at 25% of 2011 sales and 31% increase in sales over first quarter of 2011
- 2011: Manufactured housing accounted for 14% of all new single family homes sold

Source: U.S. Census, MHI



Industry Outlook Positive

- Industry is responding to current housing market demands and stresses
- Rapid growth in population over next decade looking to maximize housing value proposition
- As demand for our homes grows, more U.S. jobs created



Policy Areas of Interest

- Energy Efficiency
- Tax Issues
- Dodd-Frank/SAFE Act Implementation
- GSE Reform
- HUD/FHA



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Please Contact Us

Jason Boehlert

Vice President, Government Affairs

jboehlert@mfgghome.org

703.558.0660

Manufactured Housing Institute

2111 Wilson Blvd.

Suite 100

Arlington, VA 22201





Manufactured Housing: America's Sustainable and Reliable Housing Solution

“If home buyers throughout the country had behaved like our [manufactured] buyers, America would not have had the crisis that it did.”

“The government wants high quality, low cost housing and manufactured housing provides that product.”

– *Warren Buffett*