

January Newsletter MHC Predictions for 2024

Written by Mark E. Timmins, J.D.



BROUGHT TO YOU BY



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Happy New Year! Joanne, Jordan and I want to thank everyone that we had the pleasure to work as well as thank and welcome all the new faces into the new year. I am one of the many that are happy to see 2023 in the rear view. While some of the tumult we saw in 2023 is sure to join us this year, I have a much brighter perspective of what this year has in store for us. Below are my eight predictions for 2024.

1. Rising rents mean big bucks for owners. Rents are going up! If you haven't raised rents in a while, now is your time. While inflation has appeared to taper off, everyone is used to prices going up. For the time being, the price of a stick-built house is out of reach for many due to high inflation rates. Tenants are still very sticky and will continue to be so. Rents should go up this year.

2. Sales of MHC will increase. Now that people have had some time to get a better understanding of our economic situation with higher inflation and the increased cost of everything, we will

see more MHC transactions in 2024. At the end of November 2023, there were approximately \$8 billion in MHC transactions nationally. That is down from a 2021 record of \$20.3 billion in transactions. I expect us to go back to 2018-2019 average of \$11.3 billion in transactions.

3. Financing. With Inflation rates going down, loan interest rates should follow. This will make it easier for most buyers to find competitive rates to buy MHC. The Fed has indicated that up to three fed rate drops are possible for 2024. This could mean that interest rates paid by buyers could drop from 7% +/- to as low as 5.5%.

4. Mobile home communities are easier to sell. This could change but at this time, market perspective from buyers is still bullish. It is still easy to finance a lot of deals because the cost of home ownership is hard for a lot of first-time buyers due to currently high interest rates. Raising rents on tenants is expected at the time of a transaction so new buyers are unlikely to lose tenants. This will help new buyers immediately raise the value of their property.

5. Go green to save green! This is the year for many owners to go green to save green. For a better planet, and to save money, more owners will install individual water meters on their sites. While this can cost up to \$1,000 per meter, it is a cost savings in under two years. Owners who have taken this step have been able to pay off the cost of the upgrade quickly and then seen a sizable bump in their income of their parks. Studies show that tenants paying their own water bill use less water because they are now accountable for the cost. This process makes you money and is environmentally friendly due to less water usage.



Landscaping helps keep the water away from the mobile home. It also is a water retention tactic. Check with your City to see if a credit is offered to property owners who practice water detention strategies

6. MH Vacancy will go down. Home buying in a high-rate environment is difficult and expensive. Real wages are stagnant while the cost of everything else in our life is going up. The current market is creating a generation of renters for Generation Z. According to MHI, Generation Z has a net positive view of MHC due to ease of living and a greener lifestyle. This will culminate with increased renters and increases sales for MH and small homes. Lower vacancy means higher value for MHC owners.

7. Rentals will go up. For all of the reasons while MH vacancy going down, this will also increase MH rentals. Many Gen Z tenants don't want to own for a variety of reasons, including lack of down payment, fluidity of lifestyle or just general fear of commitment. For these reasons, rentals will go up, so if you have the ability and the manpower, think about renting instead of selling park owned homes.

8. High immigration will continue. Illegal immigration rates have hit an all-time high. Regardless of your political perspective on this, this isn't bad news for MHC owners that cater to Hispanic populations. The influx in migrant labor will benefit MHC occupancy rates leading to greater revenue.

If you have any predictions or thoughts and would like to discuss them, feel free to reach out via email or by phone. We are always happy to chat. Have a great 2024!



Your tenants will thank you for planting trees and taking care of the trees that shade their homes.

UPDATED MHP RENT SURVEYS:

Want access to up-to-date rent information for mobile home parks in your area? Contact me to see the 2023 rent surveys for Cedar Rapids, Des Moines, Iowa City, and Davenport.

Email: joannestevens@iowarealty.com

Phone: +1 319 378 6786

SAVE THE DATE:

MHI Winter Meeting

Date and Location TBA

More information: <https://www.manufacturedhousing.org/events-landing/winter-meeting/>

MHI Congress and Expo

4/3-5/2024

MCM Grand Las Vegas

More information: <https://www.congressandexpo.com/>

WHAT IS YOUR PARK WORTH?

You ought to know the market value of your real estate investments today! We are always happy to do a **FREE, NO OBLIGATION**, Real Estate Review for your park(s). If this is something you would like to set up, reach out to one of us today!

YOUR TEAM

Joanne is a specialist in listing and selling mobile home parks and manufactured housing communities throughout the U.S. With her 20-plus years of experience in developing, zoning, owning, retailing, managing, turning around, and brokering parks, she can maximize your sale price.

Jordan Bouslog is a Manufactured Housing and Investment Specialist at Cushman & Wakefield Iowa Commercial Advisors. He has over 10 years of real estate experience and has completed over \$120,000,000 in sales.

Mark E. Timmins, J.D. is a Manufactured Housing and Investment Specialist at Cushman & Wakefield Iowa Commercial Advisors. As a former practicing attorney, Mark brings 7 years of education and experience to benefit his clients over his eight years of real estate brokerage.

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