

November Newsletter

Mobile Homes Appreciate in Value

Written by Joanne Stevens



BROUGHT TO YOU BY



JOANNE STEVENS

Commercial Broker Associate
+1 319 378 6818
joannemstevens@iowarealty.com
1005 Blairs Ferry Road NE | Suite 210
Cedar Rapids, IA, 52402

IN CONJUNCTION WITH



MARK E. TIMMINS, J.D.

Senior Associate
+1 515 988 2765
mtimmins@iowaca.com



JORDAN BOUSLOG

Senior Associate
+1 515 402 9131
jbouslog@iowaca.com

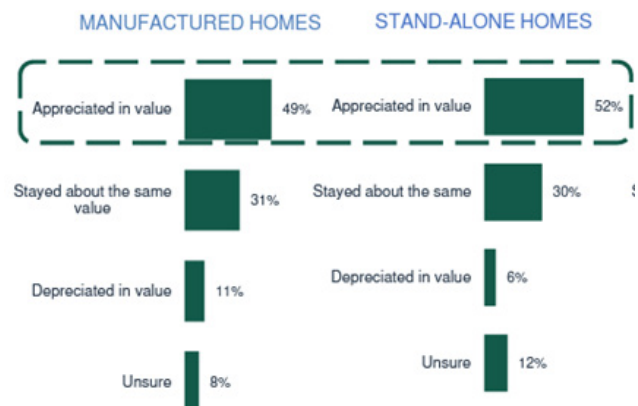


3737 Woodland Avenue, Suite 100
West Des Moines, IA 50266
Main +1 515 309 4002
Fax +1 515 309 4040
iowacommercialadvisors.com

The view that manufactured housing does not appreciate after purchase has created a stigma about the industry and led to limited financing options and restrictive zoning. Despite these beliefs, the MH industry is experiencing unprecedented growth, and recent studies are indicating that this type of housing is not only affordable, but also is a sound investment for all parties involved. The following findings should be of interest to real estate investors, prospective homebuyers, and policy makers concerned with affordable housing issues.

In 2018, the US Federal Housing Finance Agency included experimental data on manufactured homes in their Second Quarter House Price Index (HPI) report. Until that point, data on repeat-transactions for manufactured homes had not been publicly available, and therefore could not be used to evaluate loan risks or investment potential¹. While the index only includes manufactured homes affixed to land and titled as real estate, the preliminary data shows that these homes follow very similar appreciation trends to sit-built homes. In response to these findings, the Urban Institute reports that, "Although there are limits to what the data can tell us, the index suggests a need to reevaluate the presumption that manufactured homes do not appreciate at the same rate as site-built homes."² Fannie Mae also cites this data in 2020 in their Manufactured Housing Landscape report.

Drawing a connection between MH appreciation and affordable housing, they suggest that investments in manufactured housing will "better [enable] low- and middle-income families to realize the potential wealth-building benefits of homeownership."³ With this, they note that state and local regulations have not adjusted to developments in the MH industry. Specifically, they mention zoning restrictions that are rooted in long-held beliefs that manufactured homes cannot conform aesthetically to the look of traditional site-built homes, an idea that is actively challenged by recent innovations in MH design based on HUD Code.



Base Owner (N=803)
Q12f. Since you purchased your home, has your home...?
Q12g. How would you describe the market value of other types of housing in your area since you purchased your home?

Since these reports in 2018 and 2020, the US economy and housing markets have changed drastically. However, a study released in 2023 by MHI and Trifecta Research cites a similar trend in MH appreciation by using consumer survey data.⁴ In this study, owners of manufactured homes reported their home values growing more than condos and townhouses, and at nearly the same rate as site-built homes. Of owners, 49% report that their home has appreciated in value, and 31% report that the value has remained the same. For higher income households, who are more likely to buy homes that are new and/or more expensive, 64% of owners report that their home has appreciated in value since purchase. This data comes in direct opposition to the commonly held notion that manufactured homes depreciate in value, with only 11% of owners agreeing with that sentiment.

The MHI report released in 2023 is a continuation of the same study administered in 2018, updated to reflect the rapidly changing landscape of the industry. When comparing data from 2018 with the new data, they found that the cost of manufactured housing has followed market-wide increases in home prices, with the average purchase price increasing from \$48k to \$96k. However, despite these numbers, researchers claim that manufactured housing has “retained its profile as a ‘sound investment,’” because 66% of owners report that the price of their home was the same or less than comparable options. In addition to sentiments about home appreciation and affordability, the study covers various aspects of the industry from the perspective of MH residents and prospective buyers. For a more comprehensive analysis of the findings, you can read a summary by MHI CEO Leslie Gooch in MH Insider⁵, which highlights homeowner satisfaction, or you can view the research findings yourself on the MHI website.

Key findings include:

- Since 2018, residents are increasingly younger families, with higher household incomes and higher rates of education.
- Resident satisfaction continues to rise, with $\frac{3}{4}$ of respondents feeling highly satisfied with their home and likely to recommend the lifestyle to friends and family.
- Affordability and the opportunity for homeownership continue to drive people to consider living in a mobile home.
- Modern features like natural lighting, smart technology, and accessibility, are a growing driver of choice, with a quarter of residents reporting that they chose a MH because it offers newer features than other types of housing in their price range.
- More people are buying newer homes, with the percentage going from 39% in 2018 to 44% in 2022.

Not only are manufactured homes proving to be a worthwhile investment for homebuyers, but the health of the industry overall is making mobile home parks a target for real estate investors. In a recent interview with billionaire real estate investor Jeff Greene on CNBC, Greene describes the unique economic situation we are in coming out of the pandemic. According to Greene, Americans had an extra \$2.1 trillion dollars in their savings accounts at the end of the pandemic. Today, that has decreased to \$190 billion. As the government surplus money disappears from people’s savings, the real estate market will continue to be affected. Additionally, higher wages and high demand for units due to the pandemic mean that rents have also been able to increase for residential buildings. With household savings down, pricey housing and apartment rents, and a full employment economy, mobile home park investors continue to buy more parks.

SOURCES

1. https://www.fhfa.gov/AboutUs/Reports/ReportDocuments/2018Q2_HPI.pdf
2. <https://www.urban.org/urban-wire/new-evidence-shows-manufactured-homes-appreciate-well-site-built-homes>
3. <https://multifamily.fanniemae.com/news-insights/multifamily-market-commentary/manufactured-housing-landscape-2020>
4. <https://www.manufacturedhousing.org/resource/mhi-consumer-research-2023-findings/?yokoSso=tNVGxtQT09>
5. <https://www.mhvillage.com/pro/mhi-research-manufactured-home-owners-satisfaction/>
6. <https://www.cnbc.com/video/2023/08/30/billionaire-investor-jeff-greene-were-in-the-first-inning-of-the-commercial-real-estate-correction.html>

2023 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:

2023 MHI NCC Fall Leadership Forum

11/1-3/2023

Chicago, IL

Learn more and register: <https://www.manufacturedhousing.org/ncc/>

Wisconsin Housing Alliance Annual Conference

11/8-9/2023

Wisconsin Dells, WI

Learn more and register: <https://housingalliance.us/events-education/calendar/#id=168&cid=1202&wid=901>

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?

I am always happy to do a FREE, NO OBLIGATION, Real Estate Review for your park(s). You ought to know today's market value of your real estate investments.

If this is something you would like, simply give me a call at 319-378-6786, email me at joannestevens@iowarealty.com, or visit <http://joannemstevens.com/>

Joanne Stevens is a specialist in listing and selling mobile home parks & 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.

Past Newsletters, Park Sale Comparables, & so much more, are available on my website:

JoanneMStevens.com