

# Quick Facts



**Trends and Information About the  
Manufactured Housing Industry**

**2012**

## INDUSTRY OVERVIEW

In the face of today's challenging economy, the need for quality, affordable housing has never been greater. Today's manufactured homes can deliver outstanding quality and performance at prices ranging from 10 to 20 percent less per square foot than conventional site-built homes. These savings allow more and more Americans to own their own home, even in the face of an ever-widening housing affordability gap.

The affordability of manufactured housing can be attributed directly to the efficiencies emanating from the factory-building process. The controlled construction environment and assembly-line techniques remove many of the problems encountered during traditional home construction, such as poor weather, theft, vandalism, damage to building products and materials, and unskilled labor. Factory employees are trained and managed more effectively and efficiently than the system of contracted labor employed by the site-built home construction industry.

Much like other assembly-line operations, manufactured homes benefit from the economies of scale resulting from purchasing large quantities of materials, products and appliances. Manufactured home builders are able to negotiate substantial savings on many components used in building a home, with these savings passed on directly to the homebuyer.



Today's manufactured homes have experienced a major evolution in the types and quality of homes being offered to buyers. Technological advances are allowing manufactured home builders to offer a much wider variety of architectural styles and exterior finishes that will suit most any buyer's dreams, all the while allowing the home to blend in seamlessly into most any neighborhood. Two-story and single-family attached homes are but two of the new styles being generated by factory-built innovation. As a result, today's manufactured homes are offering real housing options for the neglected suburban and urban buyers.

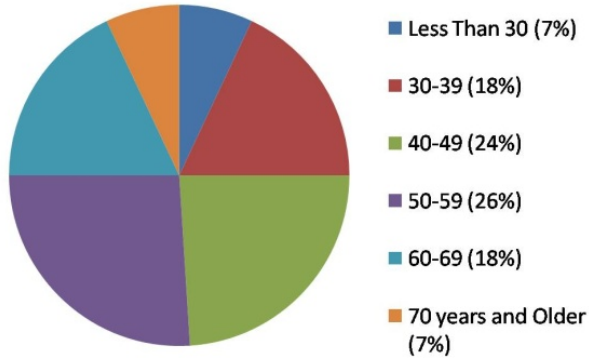
At the same time, greater flexibility in the construction process allows for each home to be customized to meet a buyer's lifestyle and needs. Interior features now include such features as vaulted ceilings and working fireplaces to state-of-the-art kitchens and baths, giving the homebuyer all the features found in traditional, site-built homes. Enhanced energy efficiency in manufactured homes, achieved with upgraded levels of insulation and more efficient heating and cooling systems, provide another source of savings for homeowners, especially in this era of rising energy costs. Smart buyers are turning to EnergyStar-labeled manufactured homes for substantial savings in many aspects of owning and operating home.

Technological advances, evolutionary designs, and a focus on delivering quality homes that families can afford are the driving forces within the manufactured housing industry. That's why more people are turning to manufactured housing to deliver homes that fit their needs and wants, at prices they can afford!

# Who Lives in Manufactured Housing

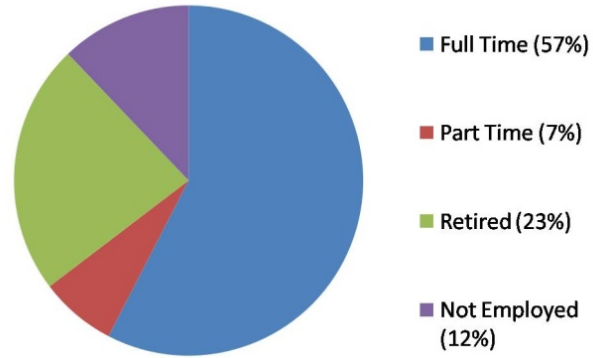


**Age of Household Head**

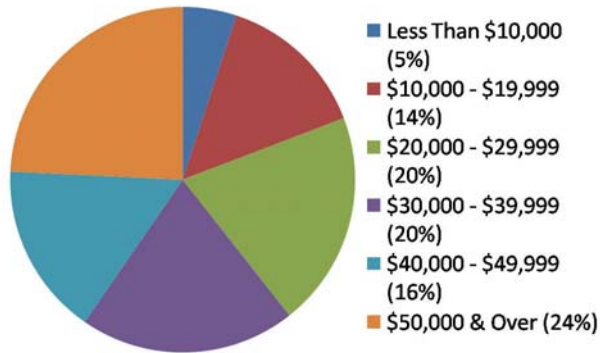


Average Age 49.9

**Employment Status of Household Head**

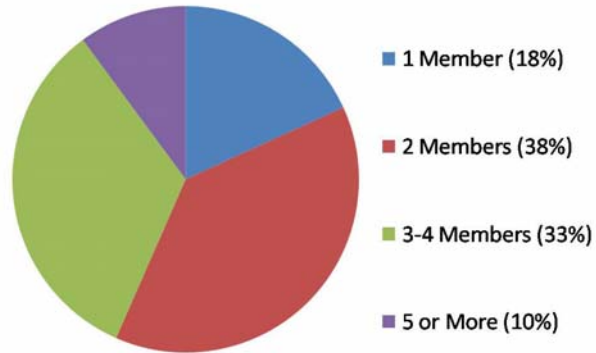


**Annual Household Income**



The median Income is \$34,700

**Household Size**



Average household size is 2.7 persons

## Cost & Size Comparisons of New Manufactured & New Single-Family Site-Built Homes

(2007-2011)

| Year   | 2007      | 2008      | 2009      | 2010      | 2011      |
|--|-----------|-----------|-----------|-----------|-----------|
| <b>New Manufactured Homes</b><br>(Including typical installation cost)<br>(excluding land) |           |           |           |           |           |
| <u>All Homes</u>   |           |           |           |           |           |
| Average Sales Price  | \$65,400  | \$64,700  | \$63,100  | \$62,800  | \$60,600  |
| Average Square Footage   | 1,600     | 1,565     | 1,530     | 1,520     | 1,470     |
| Cost Per Square Foot   | \$40.88   | \$41.34   | \$41.24   | \$41.32   | \$41.22   |
| <u>Single-Section</u>  |           |           |           |           |           |
| Average Sales Price  | \$37,300  | \$38,000  | \$39,600  | \$39,500  | \$40,600  |
| Average Square Footage   | 1,100     | 1,100     | 1,120     | 1,110     | 1,115     |
| Cost Per Square Foot   | \$33.91   | \$34.55   | \$35.35   | \$35.59   | \$36.41   |
| <u>Multisection</u>  |           |           |           |           |           |
| Average Sales Price  | \$74,200  | \$75,800  | \$74,500  | \$74,500  | \$74,200  |
| Average Square Footage   | 1,775     | 1,765     | 1,735     | 1,730     | 1,715     |
| Cost Per Square Foot   | \$41.80   | \$42.95   | \$42.94   | \$43.06   | \$43.27   |
| <b>New Single-Family Site-Built Homes Sold</b><br>(House and the land sold as a package)   |           |           |           |           |           |
| Average Sales Price  | \$313,600 | \$292,600 | \$270,900 | \$272,900 | \$267,900 |
| Less Land Price  | - 84,268  | - 74,209  | - 67,718  | - 66,340  | - 59,950  |
| Price of Structure   | \$229,332 | \$218,391 | \$203,182 | \$206,560 | \$207,950 |
| Average Square Footage   | 2,479     | 2,473     | 2,422     | 2,457     | 2,494     |
| Cost Per Square Foot   | \$92.51   | \$88.31   | \$83.89   | \$84.07   | \$83.38   |

Source: U.S. Department of Census

## Manufactured Home Shipments (2007-2011)

| Year                   | 2007   | 2008   | 2009   | 2010   | 2011   |
|------------------------|--------|--------|--------|--------|--------|
| Total                  | 95,752 | 81,907 | 49,717 | 50,046 | 51,606 |
| Single                 | 30,737 | 30,384 | 18,568 | 20,373 | 25,289 |
| Multi                  | 65,015 | 51,523 | 31,149 | 29,673 | 26,317 |
| Estimated Retail Sales | \$6.2  | \$5.3  | \$3.1  | \$3.1  | \$3.1  |

## Manufactured Home Shipments vs. New Single-Family Site-Built Housing Starts (in thousands)

| Year                               | 2007         | 2008       | 2009       | 2010       | 2011       |
|------------------------------------|--------------|------------|------------|------------|------------|
| <b>New Single Family</b>           |              |            |            |            |            |
| Site-Built Housing Starts          | 1,046        | 622        | 445        | 471        | 431        |
| Percent of Total                   | 92%          | 88%        | 90%        | 90%        | 89%        |
| <b>Manufactured Home Shipments</b> |              |            |            |            |            |
| Shipped                            | 96           | 82         | 50         | 50         | 52         |
| Percent of Total                   | 8%           | 12%        | 10%        | 10%        | 11%        |
| <b>Total</b>                       | <b>1,142</b> | <b>704</b> | <b>495</b> | <b>521</b> | <b>483</b> |

## New Manufactured Homes Placed For Residential Use



| Year                        | 2007 | 2008 | 2009 | 2010 | 2011 |
|-----------------------------|------|------|------|------|------|
| Located in Communities      | 26%  | 26%  | 22%  | 25%  | 26%  |
| Located on Private Property | 74%  | 74%  | 78%  | 75%  | 74%  |

Source: Bureau of the Census

## Product Mix – 2007-2011

|                | 2007  | 2008  | 2009  | 2010  | 2011  |
|----------------|-------|-------|-------|-------|-------|
| Single Section | 32.1% | 37.1% | 37.4% | 40.7% | 49.0% |
| Multi-Section  | 67.9% | 62.9% | 62.6% | 59.3% | 51.0% |

## Financing

Today's buyer of both new and existing manufactured homes may choose from a wide array of financing options. Some financial institutions offer an entire menu of lending programs. The house can be financed as personal property, on leased land, in a manufactured home community or on a privately owned site. Buyers who desire to acquire land in conjunction with the home can finance the land and home together. Properly financed, the purchase of a manufactured home should lead to equity building for the homeowner.

Most buyers arrange financing for manufactured homes through the retailer from whom they buy their home. These retailers maintain business relationships with a number of lending institutions—large national lenders as well as local institutions—and can assist in the preparation and submission of a credit application. Customers also may shop independently for financing which a lender of their choice.

Manufactured homes can be financed as personal property. Even when the home and land are financed together, the home is often secured as personal property and the land as real property. A growing number of buyers are opting to put their homes on land they are purchasing or already own. Traditional manufactured home personal property lenders have created land-and-home financing programs designed to accommodate this trend.

Homebuyers may also finance their home and land together as real property using conventional mortgage financing obtained through a traditional mortgage lender. Fannie Mae and Freddie Mac, the primary secondary market sources for mortgage loans in the U.S., encourage this with their guidelines for accepting real estate mortgage loans for 20 and 30 year terms secured by manufactured homes. The federal government also guarantees homes under the Veterans Administration's (VA's) Home Loan Guarantee program and the United States Department of Agriculture's (USDA's) Rural Housing Programs. Qualified homebuyers may also obtain loans insured by the United States Department of Housing and Urban Development's (HUD's), Federal Housing Administration (FHA).

## Terms

### Typical Terms for Manufactured Home Loans

#### New Homes

10% – 20% downpayment  
Terms 15-30 years, depending on credit profile,  
size of home, and type of loan

#### Existing Homes

10% – 20% downpayment  
Terms up to 20 years

(actual terms will vary from lender to lender)  
*Terms and conditions on FHA an VA loans are similar to those on conventional loans. Local HUD offices have information on loan terms and conditions.*



## The Advantages of Manufactured Housing

### Cost-effective:

- Depending on the region of the country, construction cost per square foot for a new manufactured home averages 10 to 20 percent less than costs for a comparable site-built home.
- Independent appraisal studies confirm that manufactured homes can appreciate in value just like other forms of housing.

### Built for Quality:

- All aspects of the construction process are controlled.
- The weather does not interfere with construction and cause delays.
- All technicians, craftsmen and assemblers work as a team and are professionally supervised.
- Inventory is better controlled and materials are protected from theft and weather-related damage.
- All construction materials, as well as interior finishes and appliances, are purchased in volume for additional savings.
- Cost of interim construction financing is significantly reduced or eliminated.
- All aspects of construction are continually inspected by a professionally trained third-party inspector.

### Amenities:

- Floor plans are available that range from basic to elaborate. These include vaulted or tray ceilings, fully-equipped kitchens, walk-in closets, and bathrooms with recessed tubs and whirlpools.
- A variety of exterior siding is available, including metallic, vinyl, wood, or hardboard. In some cases, homebuyers can also opt for stucco exteriors.
- Homes have pitched roofs with shingles and gabled ends.
- Design features such as bay windows are available.
- Awnings, patio covers, decks, site-built garages and permanent foundations often are available as upgrades.
- The home can be customized to meet the needs of the consumer.

### Safety:

- The building materials in today's manufactured home are the same as those used in site-built homes.
- The homes are engineered for wind safety and energy efficiency based on the geographic region in which they are sold.
- Manufactured homes are among the safest housing choices available today due to federal laws requiring smoke detectors, escape windows, and limited combustible materials around furnaces, water heaters and kitchen ranges.
- Properly installed homes can withstand 120-130 mph 3-second gust winds in areas prone to hurricanes.

## Manufactured Home Shipments by State 2011

| State                         | # Homes Shipped | Product Mix    |               |
|-------------------------------|-----------------|----------------|---------------|
|                               |                 | Single Section | Multi-Section |
| AK                            | 56              | 47             | 9             |
| AL                            | 2,501           | 1,252          | 1,249         |
| AR                            | 1,256           | 564            | 692           |
| AZ                            | 844             | 289            | 555           |
| CA                            | 1,380           | 212            | 1,618         |
| CO                            | 613             | 308            | 305           |
| CT                            | 59              | 36             | 23            |
| DE                            | 258             | 100            | 158           |
| FL                            | 2,342           | 559            | 1,783         |
| GA                            | 1,163           | 277            | 886           |
| HI                            | 4               | 0              | 4             |
| IA                            | 212             | 106            | 106           |
| ID                            | 264             | 82             | 182           |
| IL                            | 794             | 417            | 377           |
| IN                            | 584             | 338            | 246           |
| KS                            | 323             | 166            | 157           |
| KY                            | 1,973           | 877            | 1,096         |
| LA                            | 4,273           | 2,824          | 1,449         |
| MA                            | 82              | 39             | 43            |
| MD                            | 1,347           | 1,223          | 124           |
| ME                            | 283             | 120            | 163           |
| MI                            | 833             | 499            | 334           |
| MN                            | 286             | 118            | 168           |
| MO                            | 652             | 252            | 400           |
| MS                            | 2,005           | 936            | 1,069         |
| MT                            | 361             | 222            | 139           |
| NC                            | 2,320           | 1,115          | 1,205         |
| ND                            | 1,867           | 1,459          | 408           |
| NE                            | 146             | 94             | 52            |
| NH                            | 138             | 46             | 92            |
| NJ                            | 136             | 72             | 64            |
| NM                            | 1,073           | 466            | 607           |
| NV                            | 92              | 19             | 73            |
| NY                            | 1,329           | 547            | 782           |
| OH                            | 618             | 254            | 364           |
| OK                            | 1,523           | 800            | 723           |
| OR                            | 445             | 75             | 370           |
| PA                            | 1,482           | 609            | 873           |
| RI                            | 13              | 10             | 3             |
| SC                            | 1,450           | 528            | 922           |
| SD                            | 410             | 231            | 179           |
| TN                            | 1,477           | 588            | 889           |
| TX                            | 8,711           | 5,015          | 3,696         |
| UT                            | 208             | 107            | 101           |
| VA                            | 939             | 471            | 468           |
| VT                            | 121             | 67             | 54            |
| WA                            | 563             | 57             | 506           |
| WI                            | 223             | 105            | 118           |
| WV                            | 1,048           | 385            | 663           |
| WY                            | 209             | 149            | 60            |
| Destination Pending           | 317             | 157            | 160           |
| Canada/Mexico/<br>Puerto Rico | 0               | 0              | 0             |
| Washington DC                 | 0               | 0              | 0             |
| Total                         | 51,606          | 25,289         | 26,317        |

Source: Institute for Building Technology and Safety (IBTS)



## The HUD Code

All manufactured homes are constructed in accordance with the federal manufactured home construction and safety standards, in effect since June 15, 1976. This building code, administered by the U.S. Department of Housing and Urban Development (HUD) and known as the HUD code, regulates home design and construction, strength and durability, fire resistance, and energy efficiency. In the early 1990's, this building code was revised to enhance energy efficiency and ventilation standards and to improve the wind resistance of manufactured homes in areas prone to hurricane-force winds. The manufactured housing Improvement act of 2000 establishes a more timely and systematic approach to code updates and enhancements.

Every manufactured home has a red and silver label certifying that it was built and inspected in compliance with the HUD code. No manufactured home may be shipped from the factory unless it complies with the HUD code and receives the certification label from an independent, third-party inspection agency.

## Manufactured Housing Institute

The Manufactured Housing Institute (MHI) is a nonprofit national trade association representing all segments of the manufactured and modular housing industries, including manufactured and modular home builders, suppliers, retailers, community developers, owners and managers, insurers, and financial service providers.

From its headquarters in Arlington, Va., MHI works to promote fair laws and regulations, increase and improve financing options, provide technical analysis and research, promote industry professionalism, remove zoning barriers, and educate external audiences about the benefits of manufactured and modular housing. Through these various programs and activities, MHI seeks to promote the use of manufactured and modular housing to consumers, developers, lenders, community operators, insurers, the media and public officials so that more Americans can realize their dream of homeownership.



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