



Manufactured Housing: An Industry Overview

**Housing Assistance Council
National Rural Housing Conference
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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



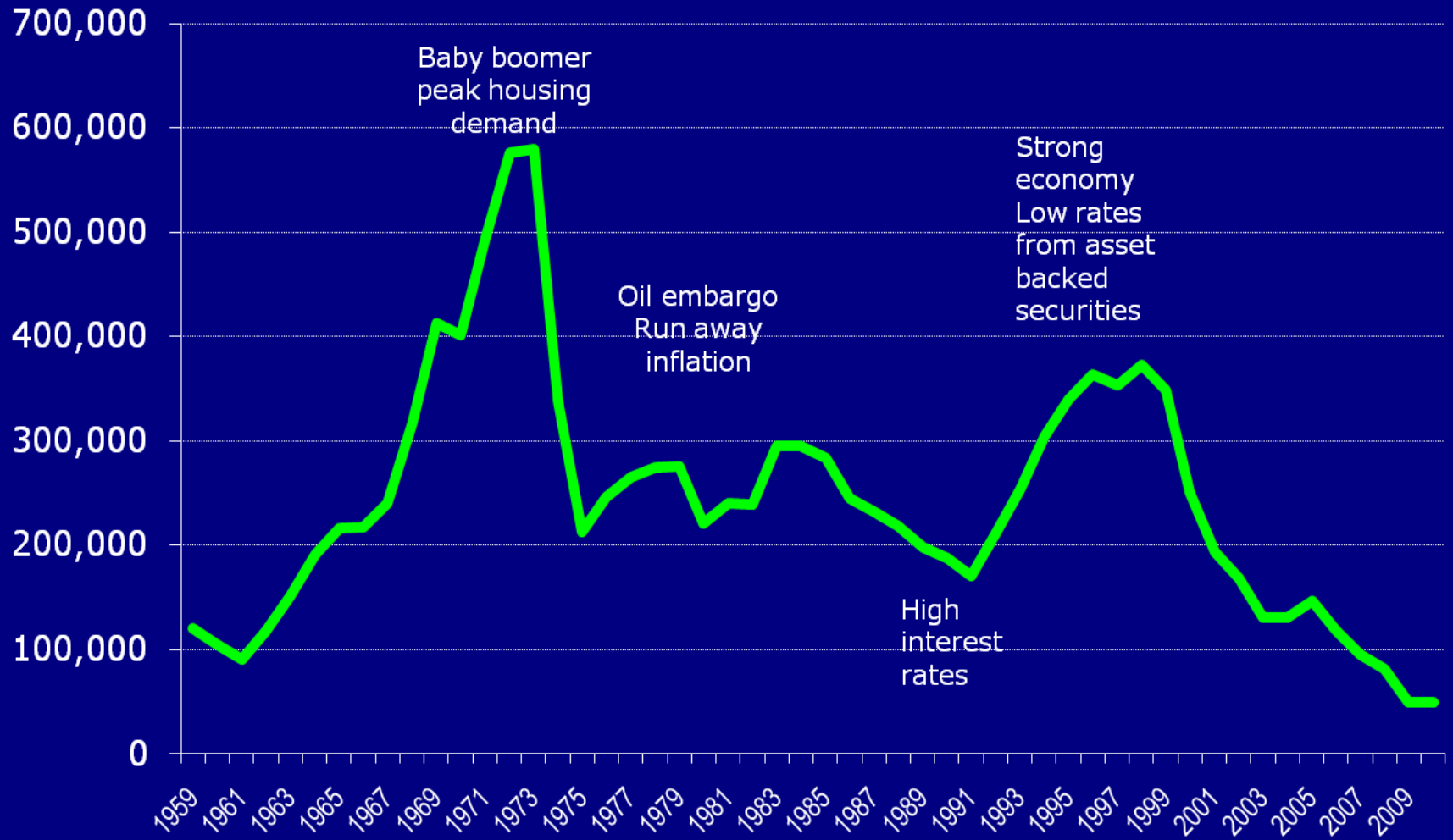
Advantages in Quality and Cost

- 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



MH SHIPMENTS

1959 – 2011







The Perception



The Reality



Newport Beach, California





Raleigh, North Carolina





Chantilly, Virginia



Tampa, Florida





Grayslake, Illinois



Germantown, Wisconsin



Tucson, Arizona





Mobile, Alabama

Economic Profile

- 45 corporations
 - BRK, CVCO, SKY
 - 69 in 2001
- 122 home building facilities
 - 263 in 2001
- 2,000+ home sales centers
- 50,000 land-lease communities (REITs)
 - ELS, UMH, SUN
- 51,606 homes built in 2011
 - 14.5% of all new single-family housing sold in 2011
- Approximately 60,000 full-time U.S. based employees
 - 200,000 jobs over the past decade



Serving a Vital Market

- 2011: Manufactured housing accounted for
 - 27% of all new homes sold under \$200,000
 - 47% of all new homes sold under \$150,000
 - 72% of all new homes sold under \$125,000
- 2 of every 3 manufactured homes are in rural areas

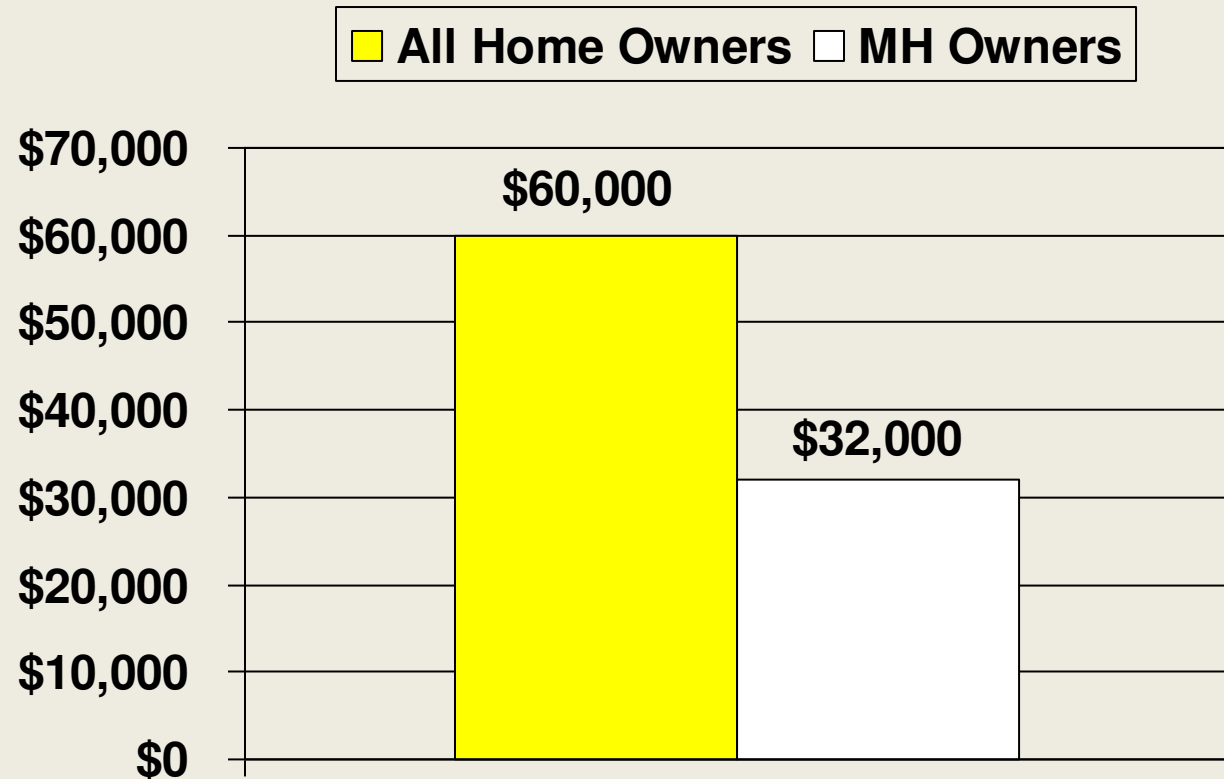
Source: MHI, U.S. Census

Serving a Vital Market

- Best Value Proposition
 - Average Price Without Land
 - Manufactured Home - \$60,600 or \$41.22 per SF
 - Site-Built Home - \$207,950 or \$83.38 per SF
- Homes Placed Anywhere
 - 70-75 percent on private property
 - 25-30 percent in residential land-lease communities
 - Roughly 2/3 in rural communities



Serving a Vital Market



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

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 2000: Manufactured housing has accounted for roughly 10% of all new single family homes starts
- 2002- 2005: Market imbalance due to subprime activity in site-built market



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 80% of 2011 sales and 13% increase in sales through Q3 of 2011
- 2011: Manufactured housing accounted for 14.5% of all new single family homes sold

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
- Changing demand of baby boomers and millennials
- 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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“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*

Please Contact Us

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