

2020
January

MANUFACTURED HOME & MOBILE HOME PARK NEWSLETTER



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NAI Iowa Realty Commercial
**A Berkshire Hathaway
Subsidiary**



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Mobile Home Trends for 2020:

1. Opportunity for filling vacant sites.

There has not been a better time for mobile home parks owners to fill vacant sites in 20 years. Why is that? Remember in the late 1990's, there was a seismic change in the mobile home sales world. The consumer loan business was starting its slow-motion implosion. Mobile home consumer financing of 5% down payment or less (or even 0%) with a 30-year amortization was not working out for banks. The mobile home buyers couldn't build equity very fast on those terms. Ever since, mobile homes have been saddled with the moniker that mobile homes depreciate like a car. This isn't true but is a classic case of perception becoming the reality.

Here's the thing. According to Lawrence Yun, Chief Economist for the NAR (National Association of Realtors), the US population has grown by 45 million since 2000. Household formation has grown by 20 million! Certainty, many households have bought existing residential real estate. New homes sales are much lower than one would expect. Employment is at full capacity with more jobs than available workers, inflation is in check, interest rates are at historic



399 sqft Legacy Tiny Home, appeals to single person households

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lows. What is going on? Wouldn't you think real estate sales would be through the roof? Part of the story is student debt which is creating more renters. It's harder for homebuyers to qualify for real estate mortgages. Marriage and having children are being delayed by many in their 20's and 30's, thus delaying buying a home.

Risk aversion plays a part, too, as potential homebuyers remember the stress of seeing their parents 'upside down' in their residential real estate during the Great Recession. There are a lot more Americans renting than in the past. The supply of rental homes is tight in a lot of markets. This is a great time to sell and rent mobile homes in communities.



Nice Streets

2. Full employment makes it harder for site-built home builders to find reliable construction workers.

This is slowing down the supply of new site-built homes. Modular apartment construction has doubled since 2017. Can modular site built single family homes be far behind this trend? The National Association of Home Builders reports that 28% of the cost of a new site-built home is entitlements & permits. Legal and engineering costs can mount quickly when the NIMBYs demand more design and less density in addition to basically trying to shut down the zoning proposal.

3. New mobile home developments.

As prices of mobile home parks continue to climb, some MHP investors are adding sites to existing mobile home parks to grow their business. In a lot of markets, it is cheaper to build new than to buy an older park. Of course, there is a lot more work with developing new sites. SUN Communities, Inc., for example, has 8 to 10 new park zonings in the works most years, with the expectation that maybe one to two land parcels will get rezoned for a new park.



Pride of Ownership

4. More Baby Boomers are & will delay retirement and continue to work.

Age 70 might become the new standard age for retirement. And some will work well beyond age 70; some because they choose to and some because they need the money. The psychological benefits of work are being talked about more. This may be a very good thing for older park residents. It cannot be much fun to struggle to pay rent in retirement.



Pam Anderson's former mobile home

5. Workers' pay rises as labor market tightens.

According to the Wall Street Journal, lower-paid employees are earning more. The labor market is sufficiently tight that those near the bottom of the pay scale are getting their due in higher wages. Not only that, the Journal reports, but with low inflation, these wage increases are translating into real spending power. For many mobile home park residents, this is an excellent time to ask for a raise, a higher position, or more hours or how about trading up into a new home?



"The (new) Martha Stevens Show" rehearsal.

6. Physical accessibility to most homes (site-built, apartment, mobile home) is lacking for people with mobility issues.

And with an aging population and people living longer, there will be an increased need for ground level homes with wider exterior doorways, interior doorways, and interior hallways. Most people don't want to go to a care facility until they absolutely can't live independently. Making mobile homes physically accommodating or offering to find contractors to do some mobile home retrofitting may help retain residents.

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

JoanneMStevens.com

2020 January

Return Service Requested:
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SAVE THE DATE: Links on Our Website

2020 Winter Meeting- MHI

2/16 – 2/18/2020

Hilton Nashville Downtown, Nashville, TN

2020 Congress & Expo

4/6 - 4/8/2020

MGM Grand, Las Vegas, NV

2020 NCC Fall Forum

11/4-6/2020

Chicago, IL

Keep current on mobile home industry events.
Go to my website; you will find information on
Past Newsletters, Park Sale Comparables, & so
much more



Happy New Year

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 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.