

UNLOCKING THE POTENTIAL MARKET FOR MANUFACTURED HOMES AND MANUFACTURED HOME COMMUNITIES AND MOBILE HOME PARKS

Have you heard about the Roper Report? That's the study that the Manufactured Housing Institute, our industry trade group, commissioned to tell the industry what our problem is? (Like we don't know). For \$250,000 (the cost to study the industry) the Roper Report discovered the following (based on interviewing homeowners of Manufactured Homes):

1. 39% of homebuyers purchasing new manufactured homes encounter major problems with our homes.
2. Only 22% of these homebuyers (of the 39% reporting having major problems), said that the problem's were handled to their satisfaction. That means 78% were not satisfied with either the resolution of the problem or perhaps the problem wasn't solved at all.

There were other findings too, but these are the two that are getting a lot of buzz from MHI members. And think about it. What business or industry that has a 39% unsatisfied customer rating could survive for long? What would happen in the car business if 39% of the buyers of new cars had a major problem?

That's bad enough but what if the unsatisfied customer problem isn't satisfactorily resolved? Wouldn't you wonder if that industry had a future?

An interesting point is that the people surveyed were not asked about their experience of living in Manufactured Home Communities and Mobile Home Parks. Probably the survey covered homeowners with their home sited on private property as well as MHPs and MHCs. Still, it makes you wonder if the overall satisfaction for community living would have been better. The key word is "overall". Many of you are doing a superb job of managing and have a high resident satisfaction.

There are many benefits to community living. The problem is that not enough non-resident people know much about parks and communities and the benefits. Lack of information was a problem that the Roper Report pointed out. And while that means information on the homes, it would benefit prospective residents and community owners if more consumers became educated about manufactured homes and community living.

It seems like there is a lot of complaining about how cheap interest rates and no down payment financing for residential real estate is forcing community owners to sit on the sidelines of the biggest housing boom in U.S. history. Many say that as soon as interest rates go up and underwriting for residential home loans tightens up our market will get back to normal. The vacant sites will fill. All we have to do is wait—maybe. Many worry that the manufactured home is getting a bad image because of the difficulty in reselling a manufactured home and that our business may never get back to normal. Is it the darkest before the dawn?

Anyway, here are some real and refreshing points from the Roper Report that no one seems to be talking about. As you read these you'll notice a couple of things. One, this is not new information. You already know this. And two, is that your creative and entrepreneurial side may kick in with ideas of how to fill vacant homesites and improve your bottom line.

The Roper Report identifies these opportunities for our industry:

1. To expand market share requires targeted education, communications, and marketing strategies. It's not a "one size fits all" business. For single section homes stress the home ownership aspect and the affordability. For sectional homes emphasize quality, appearance, upscale features.
2. The image of MHs has substantially improved due to product improvement, local marketing and industry (MHI) initiatives in public relations.
3. The customers (residents) perceived strengths of MHs are:
 - Affordable/good values
 - Ability to get in quickly.
 - Attractive.

There could be a lot more consumers that would perceive these strengths. Many consumers said they needed more information about our homes. Many consumers said they were not familiar at all with our homes.

- Many age 55 and over consumers are interested in MHs as a second home. NOTE: the baby boomers population will grow by 20 million over the next 15 years. By 2020, there will be 80 million boomers!
- Opportunities exist in these demographic segments. In anyone actually marketing to the:
 - Asians...?
 - African Americans...?
 - Separated, widowed, divorced...?
 - Under \$30,000 household income...?
 - Less than high school educated...?

"Very Important" Reasons for selecting an MH. The number one reason was to own something of my own. The second reason was a floor plan the customer liked. (Note: These two ranked above affordability). Others were affordability, quick occupancy, size & layout, good value, location, and quality construction.

There are still a lot of opportunities in this business! For a copy of the Roper Report call, fax or email me. (Phone: 319/378-6786; Fax: 319/365-9833; Email: joannestevens@iowarealty.com)