

WHAT YOU CAN DO TO ADD VALUE TO YOUR PARK/COMMUNITY

It's very clear. A strong resale market for manufactured and mobile homes is absolutely necessary for manufactured homes and manufactured home communities and mobile home parks to compete now and in the future with site built homes, apartments, and condo's. If the consumer cannot, or thinks that they cannot, easily resell their mobile or manufactured home then they are not going to buy a manufactured or mobile home. Park & community owners, retailers, manufacturers, and other industry business owners think that when interest rates rise for site built homes, that then the home buyers will look to manufactured homes and parks & communities, as an alternative. That sounds logical. Historically, higher interest rates have lowered the number of households that can qualify to buy a site built home. For a family or individual the choices were to rent an apartment or buy a manufactured home, until one's income rose enough to qualify to buy a "real house".

Here are a few flaws in the theory of rising interest rates to save the day for manufactured housing:

Economists are not predicting big increases in interest rates. Sure, interest rates are rising, but not enough to help manufactured housing.

How high do interest rates need to be to make our homes and communities competitive? I'm betting over 9% and probably higher. This is especially true if the difficulty of reselling a manufactured home doesn't get better. The point is that it could take years for rates to raise enough to do manufactured housing and communities & parks any good.

Technology

This is a big one. During the mid to late 1990's, the days when manufacturers were building 300,000 plus homes (in 1997 it peaked at 370,000 homes) per year and most communities were close to full (many had waiting lists) the Realtors and the NAR (National Association of Realtors) were investing millions in technology. For this reason, consumers can look at homes—new and existing—anytime, anywhere. They can get information on the neighborhood, the prices paid for other homes and about anything else about the area. Do you think that availability of information that is very easy and quick and free is a great big factor in the massive increase in sales of new and site built homes? It is not just the cheap interest rates that have catapulted the residential real estate business into the stratosphere. It is the collision of interest rates **AND** technology. Go to www.realtor.com.

Finance

Along with the low interest rates and the ease of reselling site built homes, lenders are happy to finance homes for nothing down, interest only, negatively amortizing loans—pretty much anything goes. Why? The lenders know that homes can easily be resold if the buyer defaults. Know any bankers who lay awake at night worrying that their residential loan portfolio is going to implode like our business? I didn't think so. Yes, their delinquencies and defaults are up. But, the difference between site built lending and chattel home lending is the vibrant resale market that is possible because of the technology to resell just about any home—anytime, anywhere? Not only may that, but the ease of selling homes be actually causing prices to rise. The more sales that occur, the more desirable it is to buy a home, or move up, or buy a second home or...