



# Commercial and Investment Real Estate Newsletter

## INSIDE THIS ISSUE:

Sustainable Home Ownership	1-2
Have You Tried...?	2
People Are Talking About...	3
High 5: George Allen	3
Five Key Housing Trends	3-4



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For more information on  
**LISTINGS OF PARKS &  
COMMUNITIES**

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## SUSTAINABLE HOME OWNERSHIP

"Sustainable home ownership rather than just owning a home, is the new American dream...and keeping it for the long term," says Alan J. Heavens of the Philadelphia Inquirer.

"People who are not ready for the responsibility and challenges of home ownership should not pursue it, particularly if they have short-term time horizons of only a few years, limited resources or poor credit," says a spokesperson for the National Association of Realtors. They go on to define sustainability as not having "to worry" about being able to afford the mortgage and other costs of home ownership.

Residential site-built housing is the above topic, but could this be good news for manufactured homes in communities? After the horrific housing crisis of mortgages gone bad, more consumers may want to live in a home that they can afford no matter what happens with interest rates, 401Ks, their job and so on. There is more uncertainty in life now. Few home owners and home buyers think of a home as an investment. It is shelter.

Joanne Stevens is a commercial investment/real estate professional consulting people throughout the U.S. With her 20 years of experience in developing, zoning, owning, retailing, managing, turning around and brokering parks, she can enhance your decision to sell your property. She has been involved in sales of parks, multi-family and investment real estate.

For a FREE PROPOSAL on your consulting needs or a FREE MARKET ANALYSIS on the value of your park or community, contact Joanne Stevens at:

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Continued on Page 2....

Continued from Page 1...

In the 1990s, when new manufactured housing shipments were as high as 370,000 a year and manufactured home parks and communities had waiting lists of qualified prospective residents, interest rates for site-built homes were 9% to 10%. So were rates for manufactured homes and then the 30 year long term was introduced to manufactured home buyers. We all know the rest of that tune. Anyway, manufactured homes competed very well with site-built homes until interest rates and easy credit came into play for site-built homes. Then the long, agonizing slide of no consumer credit, got us to the current community owner home financing business model. All down economies have their own peculiarities. This time interest rates for site-built homes are still very cheap, at roughly 4.5% interest, fixed for 30 years. The problem is that lenders have stricter requirements such as higher credit scores, higher down payments, household income and expense ratio standards and more job stability. But the biggest difference is fewer consumers think of home ownership as a benchmark of success. In quite a few markets, home prices may not have bottomed out, or at least that is the perception. For years, the manufactured home business has battled the myth that manufactured homes depreciate in value, "like a car." Will consumers stop expecting homes to be an investment and appreciate every year? Tim DeWitt, Executive Director for the Michigan Manufactured Home Association said it very well, "A big house is not a priority for kids (young adults). They want the discretionary income."

## **In Housing: Nothing Going Up But the Rent**

The July 18 Wall Street Journal contained an apartment rent prediction that is applicable to manufactured home communities. The article described the "short supply of and strong demand for apartments, especially as rates of homeownership continue to decline..." What's interesting is the steep decline of new apartments, which tracks similarly to manufactured housing shipments. Apartment building peaked at nearly 1,000,000 units a year in the early 1970s, averaged 300,000 units a year during the housing boom and dropped to 53,000 units in 2009. In 2009, the manufacturers shipped about 50,000 new manufactured homes.

*Have you tried...*

If any residents complain about ants, recommend mixing Borax (a natural mineral that's toxic to ants) with a little maple syrup. Don't use if there are pets or children in the home. For more hints go to my website under Articles and choose 'Living Beautifully'.

## **Developing New Sites in Communities**

A few owners say they may build additional sites on the MH zoned ground that has been fallow for the last dozen years or so.

## **People are Talking About...**

**Fabulous Front Porches** as a desirable manufactured home feature. At Saddlebrook Farms MHC, north of Chicago, every home has a front porch. Its homes are purposely designed that way to create a neighborhood feel.

### **"Banks Must Get Back Into Business"**

According to Lawrence Yun, Chief Economist for the NAR, many Banks currently have a new 0-0-3 rule: Offer nothing to depositors and nothing to those who want to borrow, and earn 3% by buying tradable assets like government bonds. This may be true for some banks, but is an unfair characterization of the sound banks that are actively pursuing commercial lending.

## **FIVE KEY HOUSING TRENDS THAT WILL AFFECT THE MANUFACTURED HOME PARK/COMMUNITY BUSINESS**

1. **One size of home no longer fits all:** A nationwide market research firm found that tomorrow's homebuyer profile is shifting, thus the type of home they will buy is changing as well. Tomorrow's market is made up of young professionals, unrelated singles living together, immigrants, empty nesters, retirees and new millennials (people aged 22 to 37) along with the traditional two parent family with children. These home buyers and home renters have different interests and different borrowing abilities. A wide selection of housing options is and will continue to be needed. This could be good for parks and communities. Most park owners and managers are telling me one thing these days. And that is the calls, the e-mails and the traffic for buying homes and especially renting homes is way up.
2. **Neighborhood is important:** A lot of you tell me about all the great things you do for your residents. Neighborhoods matter a great deal to today's buyer. According to Builder magazine, the location is more important than the house! Some consumers will settle for a different house or smaller house, if it is the neighborhood they want. Consumers believe the home will have a better shot at retaining its value if the location is near employment centers, commercial areas and other daily household activities. Hardly anyone thinks gas prices will go down. Promoting the location of your community is more important than ever.
3. **What buyers say they want and what they can realistically afford:** If you're a community owner you know that a lot of times there is a big disconnect between what home buyers want and what they have the ability to buy. This may be changing, according to the Center for Economic Policy Research. The economy has changed many buyers view of trying to stretch to buy more house.
4. **Investors are back:** Because there are more renters today, investors love multi-family, including parks and communities. They see upside in increasing demand, which could translate into higher rents and more cash flow. In some markets new apartments are coming online. Property management, mostly because of investors embracing technology, is not quite as big a challenge for investors as it used to be for investors buying in multiple markets.

Continued on Page 4....

## **HIGH 5!**



### **GEORGE ALLEN**

**Congratulations to George for his induction into the RV/MH Hall of Fame in Elkhart, Indiana!**

### **DAVID LENTZ**

**Congratulations to David, the new Chairman of the Urban Land Institute's Manufactured Home Communities Council! This is a very important assignment. The MHC Council is the "think tank" for our industry. David has demonstrated time and again his ability to present fresh ideas for making our industry more profitable.**

**If you are interested in joining the MHC Council at the Urban Land Institute, please call me!**

# Under Contract!

## Midway Village Evansville, WI

Multiple offers. Several buyers are disappointed they weren't able to buy it and are very motivated to buy parks and communities.



**THINKING ABOUT SELLING? Please call  
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### Five Key Housing Trends (Continued From Pg. 3)

At a RealShare Apartments Conference, some investors are shifting from retail and office to multi-family. They say they like the idea of quickly being able to refurbish and re-rent a unit, as opposed to retail and office which take a lot more time and expense to re-tenant. (Now is an excellent time to get a checkup from me on today's value of your park or community).

#### 5. Storage

Just because the consumer is coming to terms with less space doesn't mean they will be getting rid of their stuff or buying less of it. Instead, storage is more important

than ever. If you are selling homes in your community, it may very well pay you to make the closets, pantries, doors and shelving as storage-enhanced as possible. Things like adding a shelf in closets, storage bleachers (spice racks) in kitchen cabinets, a coat rack and a corner cabinet may put your home in your community on the buyers short list. Remember, more and more households are headed by women and they visualize where things will go when looking at homes. Why not give your homes an edge?

#### FREE REPORT!

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