

THE NORTHWEST REPORT

Issue 39 – January 2014

For Owners, Operators and Investors in Manufactured Housing Communities Nationwide

Happy New Year 2014!

NEW YEAR BRINGS PROMISE OF GROWTH

The New Year is off to a good start as major economic indicators point toward a stable foundation for growth and expansion in 2014. Interest rates remain low, although experts believe they will begin to rise at the end of the year. Unemployment continues to steadily decrease, especially in the Western United States, which bodes well for clients of Northwest Park Brokerage. The stock market continues to flirt with new record highs, and possibly the best news of all is falling gasoline prices that are expected to continue their decline well into 2014. With gas and oil prices trending downward manufacturing and shipping will increase, consumers and businesses have more spendable income and the subsequent production of goods and services will expand, creating more jobs and more opportunities. All in all, these are strong and realistic indicators of a very good year in 2014.

Another strong indication that 2014 will be a good year is the appreciation in real estate prices that began to unfold in 2013, felt in all asset classes of real estate including commercial, single family, multi-family and rural property values. The manufactured home sales business and MH community business has always done well when single family real estate is appreciating. Historically, the best years in the manufactured housing business are typically when a strong but not reckless (2004-2008) single family market exists. Empty nesters can downsize with equity left over, first time homebuyers find manufactured housing more attainable than site built, parents have equity to tap into in order to help young adult children acquire their first manufactured home, and discounted site built foreclosures evaporate, eliminating cheap site built repos from competing with new manufactured homes.

MARKET SHIFTS AND NEW TRENDS

Every three years a major financial services company survey's approximately 10,000 people and creates a study of the manufactured housing business. The latest study was recently released and the findings were quite interesting. The data is used to carefully understand changes in the market and the motivations and attitudes of the diverse population of manufactured home owners and residents. In order to qualify as a survey participant each person must be at least 18 years of age and own or reside in a manufactured, mobile or modular home in the United States. Here are some highlights from the survey:

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- 55% of the home owners surveyed reported an annual household income of less than \$30,000, an increase of 16% since the previous survey.
- 52% of respondents estimated the value of their manufactured home to be less than \$20,000, a 6% increase from the previous survey.
- 41% of manufactured homes were purchased for under \$20,000, also representing a 6% increase from the previous survey.
- 27% of those surveyed also owned one or more “specialty” products, which includes a boat, motorcycle, motor home, personal watercraft, travel trailer, ATV or snowmobile.
- 25% of the respondents expect to sell or move their home within the next 5 years.
- Of those planning to move or sell, 34% expect a manufactured home to be their next residence, which represents an increase of 3% since the previous survey.
- Median model year and estimated value have decreased from the previous survey, single-section homes represented 59% of those who responded and multi-section homes are down 8% since the previous survey, which trends with recent data that has shown a dramatic increase in single-section home purchases in recent years.
- The resident profile is very interesting. 24% of those surveyed are renting their homes, a dramatic shift in the business. 26% of the homes are uninsured, 40% of the owners don’t ever anticipate selling or moving their current home, and 9% of those surveyed had a 4-year or advanced degree. Of the 10,000 surveyed, 1242 were from Washington, Oregon, California, Idaho, Montana and Nevada. The largest state represented in the survey was Texas with 756 and the smallest was Connecticut with 11.
- Demographics were also very interesting. 74% of respondents were male, 81% were white, 39% had a high school degree or equivalent, 22% were employed full time and 13% were retired, 83% were Facebook users and just 11% said they did not use the internet or email. 66% earned between \$20,000 and \$74,999 annually, where in the previous survey 73% earned between \$20,000 and \$74,999 annually. Estimated net worth declined along with income with over 50% of those surveyed reporting a total net worth of less than \$50,000.
- Interestingly, the household composition of a manufactured home resident was almost identical to that of a site-built resident, with 71% saying that just a single generation lived in the home, versus 2, 3 or more generations sharing the home.
- Location of the home has been very stable since 1999. 39% said they lived in a “park” (do not own the lot), 46% on their own private property, 7% on someone else’s property, 7% in a park or subdivision (do own the lot) and 1% in a co-op or condo situation.

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MANUFACTURED HOME NEWS FROM AROUND THE COUNTRY

DOVER, Del. - A panel established by Delaware lawmakers is proposing to increase the amount of money manufactured home owners would receive if forced to relocate. The Delaware Manufactured Home Relocation Authority wants to double the maximum relocation payment for a tenant of a single-section home from \$4,000 to \$8,000 and bump the maximum payment for tenants of multi-section homes from \$8,000 to \$12,000.

The authority also is proposing new payments of \$5,000 for single-section homes and \$9,000 for multi-section homes considered non-relocatable. Maximum payments to park owners for the demolition or disposal of non-relocatable homes would increase from \$500 to \$3,000 for a single-section home and from \$1,000 to \$5,000 for a multi-section home. The relocation money comes from a fund that was established using monthly assessments on mobile home park lots.

Lake Forest, California, Dec. 19, 2013 - SearchCore, Inc. (SRER), a technology- based Internet marketing services company that connects consumers with brands, products, and services through content rich, hyper-local websites, today announced its affiliation with MHPProNews.com and The Louisville Manufactured Home Show to provide video and media content for the January 2014 show and exhibition.

ManufacturedHomes.com connects homebuyers with retailers in their respective market. The company also offers proprietary Customer Relationship Management Software (CRM) for dealers, and brand enhancing digital marketing for manufacturers. ManufacturedHomes.com will be providing video content such as interviews with industry veterans, video tours of homes on display, profiles of exhibitors and highlights of the event. ManufactureHomes.com will also be attending the event as an exhibitor.

The Louisville Manufactured Home Show is the largest manufactured home show in the US. In 2013 there was over 1,370 builders, developers, retailers, community and owners/operators, that represented approximately 573 different companies. So far, the pre-registration for attendees is up 50% from 2013.

Jason Brady, Vice President Of Marketing states, "The Louisville show provides the best networking marketing opportunity for everyone involved in the manufactured home industry. We look forward to showing our cutting edge technology to a mass audience of industry personnel."

Compiled from various reports - Economic growth in the U.S. will speed up this year even as the pace of expansion remains disappointing almost five years after the end of the recession, according to academic economists and former policy makers. "2014 is going to be a better year," Martin Feldstein, a professor at Harvard University and chairman of the Council of Economic Advisers under President Ronald Reagan, said recently. "There is no reason for pessimism about our near future if we adopt appropriate policies."

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Feldstein pointed to diminishing drag from fiscal policy and an \$8 trillion increase in household wealth over the last 12 months from rising stocks and home prices.

JPMorgan Chase & Co. (JPM) is among the Wall Street banks turning more optimistic, predicting this week the economy will expand 2.8 percent this year, an increase from its 2.5 percent estimate of a month ago and faster than the 1.9 percent it calculates for 2013. Former U.S. Treasury Secretary Lawrence Summers and John Taylor of Stanford University agreed in interviews that stronger growth this year was possible even as they clashed over what more policy makers could do to speed expansion.

"I'm not arguing with Marty about being a little more optimistic, but I think it's a mistake to say that all's well," Summers, who also teaches at Harvard, said at the annual conference of the American Economic Association. Taylor, a former Treasury undersecretary, said growth this year "will be better but to me it's still disappointing -- it's not going to be what it could be."

EQUITY LIFESTYLE PROPERTIES LEADS MH STOCK GAINS

The Yahoo! Finance Manufactured Housing Composite gained +1.78 percent to close at 790. Housing stocks all closed up or even, except Third Avenue Value Fund (trailing Jan. 2) which fell -0.72 percent, -0.41 points, to close at 56.86. At the plus end, **Equity LifeStyle Properties** moved up +2.21 percent, gaining +0.80 points, to close at 36.93. Cavco Industries, Inc. 70.68 +1.30 (+1.87%). Clayton Homes, Vanderbilt Mortgage and Finance, as well as MH home-building, lending and other housing suppliers' parent company Berkshire Hathaway 176,336 +0.16 (+0.01%). Drew Industries 50.68 +0.17 (+0.34%). Liberty Homes remained unchanged at 0.75. Louisiana Pacific Industries 18.34 +0.09 (+0.49%). Nobility Homes remained unchanged at 9.01. Patrick Industries 29.25 +0.33 (+1.15%). Skyline Corp. 5.18 -0.01 (-0.19%). Sun Communities, Inc. 42.44 +0.46 (+1.10%). UMH Properties, Inc. 9.37 +0.15 (+1.64%). Universal Forest Products, Inc. 52.43 +0.63 (+1.22%).

NEW LAWS IN OREGON EFFECTIVE JANUARY 1ST.

Effective January 1, 2014, a few new laws pertaining to manufactured home communities take effect in Oregon. No drastic changes are taking place, but here is a brief summary of a few laws directly impacting owners and operators of manufactured home communities.

TENANT LIABILITY INSURANCE. This law applies only to situations in which the tenant is not the owner of the home, i.e. the tenant is renting both the home and the space inside a manufactured housing community. This law is currently in effect. A landlord may require a tenant to obtain and maintain renter's liability insurance. It may not exceed \$100,000 per occurrence (or the customary amount required by landlords for similar properties with similar rents in the same market, whichever is greater).

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APPLICANTS FOR TENANCY This law applies to applicants for tenancy regardless of whether they own the home or not. When evaluating an applicant, a landlord may not consider a prior eviction if the action: 1). Was dismissed or resulted in a general judgment for the applicant before the applicant applied; 2). Resulted in a judgment against the applicant that was entered five or more years earlier.

When evaluating the applicant, a landlord may not consider a previous arrest if it did not result in a conviction. This prohibition does not apply if the arrest resulted in charges that have not been dismissed at the time the applicant submits the application. When evaluating the applicant, the landlord may consider criminal conviction and charging history if the conviction or pending charge is for conduct that is: 1). A drug-related crime; 2). A person crime; 3). A sex offense; 4). A crime involving financial fraud, identity theft and forgery; or 5). If the applicant was convicted or charged with a crime that would adversely affect property of the landlord or a tenant or the health, safety or right to peaceful enjoyment of the premises of residents, the landlord or the landlord's agent.

SECTION 8 ASSISTANCE

Discussion: This Bill addresses several topics, including the creation of a 'Housing Choice Landlord Guarantee Program' to mitigate damages to landlords' dwelling units caused by tenants receiving Section 8 assistance, and revisions to state discrimination laws. It applies to both tenants inside and outside of manufactured communities, i.e. regardless of whether the tenant owns their home or not. It becomes effective on July 1, 2014. This is a lengthy bill and details can be found on the State of Oregon's legislative website.

UPCOMING EVENTS

LOUISVILLE MANUFACTURED HOUSING SHOW
Louisville Kentucky Exposition Center
48 New Manufactured Homes on Display
Call Dennis Hill at 770-587-3350

Or visit:

www.louisvillemanufacturedhousingshow.com

MANUFACTURED COMMUNITIES OF WASHINGTON
Annual Legislative Day and Reception

January 30, 2014

River's Edge Restaurant
41511 Tumwater Valley Drive
Tumwater, WA

For more information contact:
Theresa Hermanson 360-753-8730

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WWW.NWPARKS.COM

COMMERCIAL REAL ESTATE BROKERS
The Manufactured Housing Community Network

MHI LEGISLATIVE CONFERENCE & WINTER MEETING

February 9-11, 2014

Westin Arlington Gateway
Washington D.C. / Arlington, VA

To go www.manufacturedhousing.org

**2014 NATIONAL CONGRESS & EXPO
FOR MANUFACTURED & MODULAR HOUSING**

April 29 – May 1, 2013

Caesars Palace
Las Vegas, NV

MANUFACTURED HOUSING INSTITUTE

2014 SUMMER MEETING

June 8-10, 2014

The Alexander Hotel
Indianapolis, IN

Over \$500,000,000 in park sales. Visit our website at www.nwparks.com

For more information on manufactured home communities for sale or an assessment of your community call Bill Jackson of Northwest Park Brokerage at 206.652.4100 or email Bill at: billj@nwparks.com

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