

## **The Economic Impact of the Manufactured Housing Industry in Arizona**

The economic impact of manufactured housing in the state of Arizona is once again very positive. The final figures from the Manufactured Housing Institute (MHI) and the National Conference of States on Building Codes & Standards (NCSBCS) for 2001 show that production and sales have risen.

The reason for this? - two simple keys. First, manufactured homes continue to grow in popularity because they are reasonably priced, easy to finance and available with plenty of amenities. Second, the average cost of site-built homes have reached an almost unaffordable level... and it continues to rise.

After reaching new heights in 1998 when the state produced 8,950 new homes, in 1999 that number has risen to 10,212, an increase of over 14 percent. Over 86 percent of those homes have already been shipped to retailers for sale. Manufactured housing now represents almost 29 percent of new single-family housing nationally. It is clear manufactured housing is no longer a housing choice that is ignored.

It's now clear with 2,000 plus manufactured housing communities and manufactured home parks and almost 300 retailers in Arizona, manufactured homes are an important part of the Arizona lifestyle. Beyond that, manufactured housing adds a significant amount to Arizona's yearly economy. The manufactured housing industry alone employs almost 8,000 people, with wages approaching \$165,000,000.

With the increased demand for manufactured housing, the economic impact on the state of Arizona has followed suit. The total economic impact of the industry in Arizona during 2000 was \$709,200,000. That number is expected to be well over \$800 million for 2002.

The rising cost of housing has reduced the percent of households that can afford to buy an average priced home from 64 percent in 1970 to 35 percent at the end of 1999, according to the State of Housing in Arizona 2000 report prepared by the Arizona Housing Commission. According to the report, the average sales price of a single family home in Arizona was \$162,300 through the second quarter of 2000. The average sales price of a Manufactured Home in Arizona in May of 2000 was \$46,500 according to the Manufactured Housing Institute (MHI).

The great news for the consumer is that with manufactured housing, the average home buyer can still afford a quality built, comfortable, energy efficient, and secure new home of their own without sacrificing the amenities. The average cost of a new manufactured home is around \$53,000 with an average size of 1,675 sq. ft.. When the cost of land is added to that price, the average home buyer can enjoy substantial savings over a similar 1,675 sq. ft. site-built home. In fact, 75% of manufactured homes are situated on private

land vs. leased land. Projections show that manufactured housing will continue to make up a large portion of all new home construction through the year 2002. That projected growth will add tremendously to the economic impact, which is already significant, on the state of Arizona.