

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

### **Manufactured Home Sales Rise While Other Home Sales Sluggish**

**TUCSON, AZ** (March 1, 2007) - 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 Institute for Building Technology and Safety (IBTS) 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 has reached an almost unaffordable level... and it continues to rise.

Over the past decade, the rate of growth of the manufactured housing industry has been dramatic. According to the U.S. Census Bureau, manufactured homes accounted for nearly a quarter of all new single-family housing starts during the 1990s. Affordability is a key factor in the growth of manufactured housing and one of the main reasons increasing numbers of consumers are choosing a manufactured home. At an average cost of \$62,300, excluding land price, it is clear that a manufactured home is much more affordable than a site-built home at an average cost of \$247,910.

In addition to its affordability, today's manufactured home also offers the quality, value and technologically-advanced features that homebuyers desire. Homebuyers can choose from features such as vaulted ceilings, walk-in closets, fireplaces, state-of-the-art appliances and spas. Spacious floor plans, customization packages, two-story models and exterior designs compatible with almost any neighborhood are attracting consumers, as well as builder-developers who are using manufactured housing in their subdivisions in increasing numbers.

For all of these reasons, the many benefits of today's manufactured homes are being recognized by consumers, builder-developers, and public officials alike. More people realize that manufactured housing can provide them with the best housing value and quality. With continued advances in technology and public acceptance, manufactured housing is positioned to be a major provider of quality housing in the 21st century.

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 \$191,000,000.

In the wake of the increased demand for manufactured housing, the economic impact on the state of Arizona has followed suit. A study and research just completed through 2004 show the total economic impact of the industry in Arizona during 2004 was

\$850,000,000. That number is on target to be more than \$1 billion for 2005 and even higher for 2006. These numbers are based on the most conclusive data available and is always done by review one year in advance.

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 report prepared by the Arizona Housing Commission. According to the report, the average sales price of a single family home in Arizona was \$297,000. The average sales price of a Manufactured Home in Arizona was \$62,300 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 \$62,300 with an average size of 1,595 sq. ft.. When the cost of land is added to that price, the average home buyer can enjoy substantial savings over a similar 1,595 sq. ft. site-built home. In fact, 75% of manufactured homes are situated on private land vs. leased land. Projections show that manufactured housing continues to make up a large portion of all new home construction through the year 2006. That projected growth will add tremendously to the economic impact, which is already significant, on the state of Arizona.

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