

The official newsletter of the Connecticut Manufactured Housing Association

Positive Signs for the Industry

The picture painted by Dr. Frank E. Nothaft, Chief Economist for Freddie Mac, to members of the Manufactured Housing Institute (MHI) at the February 2013 Legislative Conference and Winter Session suggests that the outlook for housing – and the manufactured housing industry – are both looking up. The following are the highlights of the facts and figures presented by Dr. Nothaft.

1. Housing affordability is high. Low mortgage rates support a gradual housing pick-up. Consumer confidence and high unemployment are impediments. The oversupply of vacant homes has dropped, creating less downward price pressure. At the same time, rents are up. Mortgage defaults have lessened, but remain high.
2. New home building bottomed out in 2009 and is rising again. In 2009, single-family home building had fallen to the lowest level since before 1946.
3. Conventional home prices and sales are rising, which should also contribute to increased manufactured home sales.
4. Indeed, manufactured home shipments have risen for two years. Manufactured home shipments also started January 2013 with another nice bump up in sales over January 2012.
5. The oversupply of homes, both rental and for sale, is nearing a 10-year low. The law of supply and demand tells us demand plus low supply equals rising prices. Rising conventional house prices and rising rents bode well for manufactured housing.

February 2013 unemployment numbers are showing another modest improvement. In addition,

- ◆ the stock market is responding well to the Sequester and other factors;
- ◆ modular shipments are up;
- ◆ there has been cautious optimism shown by attendees at recent trade shows.

Home Buyer Affordability High National Price Indexes Rise in 2013

- ◆ **Low mortgage rates support gradual housing pick-up**
- ◆ **U.S. house price indexes up this spring**
- ◆ **Mortgage defaults lessen, but remain high**

Source: Office of the Chief Economist, Freddie Mac

These and other factors tell us things are *looking up* for manufactured housing.

To be sure, there are still challenges to navigate and there are certainly missed opportunities that need to be capitalized upon.

But the outlook by some pros who project a 15% increase in new manufactured home shipments for 2013 seems to be supported by the facts and economic indicators.

(Source: Tony Kovich: Manufactured Home Sales Management, March 2013)

Inside This Issue:

	<u>page</u>
Director's Column	2
Affordable Mortgages	3
Industry Events	3
National News	6
Industry Production	8
Marketing Matters	8

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