

DEC 2021

THIS ISSUE

Market Minute with Kevan Enger

Key Market Indicators

Property Pricing Snapshot

MHP Sales Comps & Volume

Manufactured Housing Shipments

KEY MARKET INDICATORS



6.8% (NOV 2021)

INFLATION RATE



1.47% (12/15/21)

10-YR TREASURY



4.2% (NOV 2021)

UNEMPLOYMENT RATE
USA

MARKET MINUTE with Kevan Enger Partner, Capstone MH



New Wave of Institutional Buyers Hits The MHP Market But Inflation Worries Loom

The market continues to see an influx of buyers to the manufactured home community space, with a recent wave of institutional investors making big moves. There is a whirlwind of year-end activity as investors close deals already in the books, owners consider their options, and everyone is gearing up for next year.

Of note...

Although there is rental rate growth, the huge jumps the market is seeing in the multi-family category (20%-25%) are not transferring over to the MH space to the same degree. This is due to the "affordable housing" dynamic wherein some larger MHP owners are not aggressively raising rents because of the potential political and public relations blowback.

Be on the lookout for...

- Supply chain issues which are contributing to longer home lead times across the board.
- A growing interest in RV accommodations as the category continues to gain momentum.
- Inflation and rising interest rates which may put a damper on investors' MHP buying bonanza

Considering selling your mobile home community?



**Contact us for a confidential consultation and a
broker opinion of value (BOV).
800-261-9464**

SALES COMPS & VOLUME SNAPSHOT

Cap rates compressed to 4.8% in Q2—a 121 basis point decline YOY.

At an increase of \$11,800 per pad, three-star properties boasted the largest price increase—+22% YOY.

Of note, MHP valuations hit a high of approximately \$46,970 per pad. Meanwhile, stabilized occupancy rates peaked at 95.4%.

Third-quarter investment volume is estimated at \$4.5 billion, an all-time high on a trailing four-quarter basis.

Cap rates remain low as institutional money continues to make its way to the market.

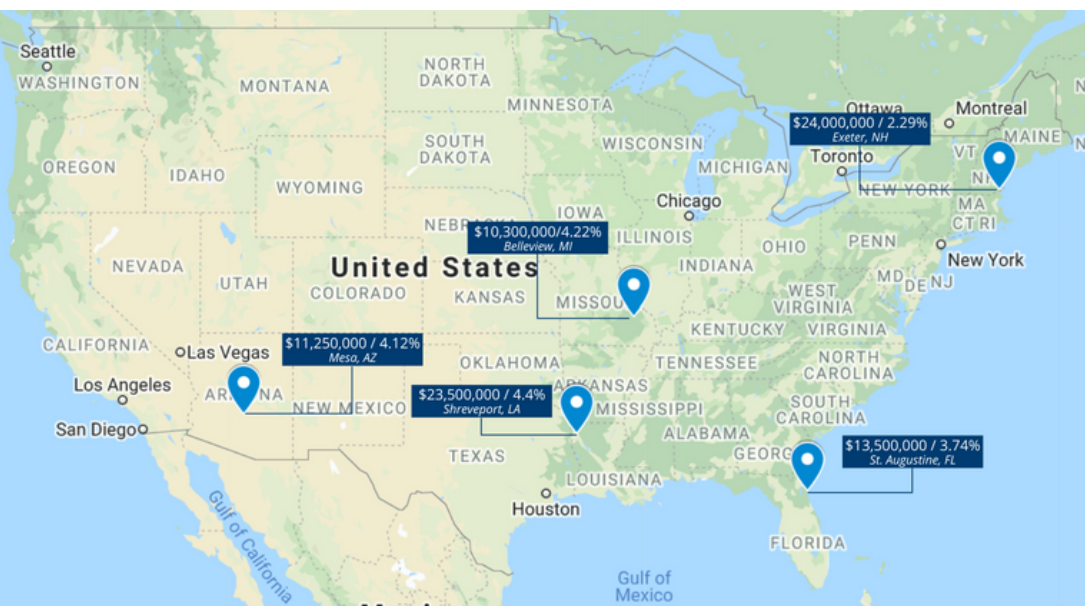
Although private investments made up about 72% of the volume in 2021, institutional transactions represented approximately 22%.

Source: GlobeSt.com

SALES COMPS SNAPSHOT BY REGION

REGION	LOCATION	SALES PRICE	CAP
WEST	MESA, AZ	\$11,250,000	4.12%
SOUTHEAST	ST AUGUSTINE, FL	\$13,500,000	3.74%
MIDWEST	BELLEVUE, MI	\$10,300,000	4.22%
SOUTH	SHREVEPORT, LA	\$23,500,000	4.40%
NORTHEAST	EXETER, NH	\$24,000,000	2.29%

Source: Capstone Manufactured Housing



Contact us for more information on these transactions or a custom market report.
800-261-9464



INFLATION

In November, the consumer price index (CPI) jumped 6.8% year-over-year (without seasonal adjustments)—the highest 12-month increase since 1982.

Without the most volatile components—food and energy—inflation rose 4.9% over the same period—the highest level since June 1991.

In November, prices increased 0.8% on a seasonally-adjusted basis. This was lower than the 0.9% increase the month before.

Food, fuel, rent, and car were among the biggest contributors to rising prices.

Gas, for example, surged 58.1% year-over-year in November.

Economists predict that prices and inflation pressures will ease in 2022.

Source: AP

10-YR TREASURY

The 10-Year Treasury has been on a bit of a rollercoaster over the last year. Starting 2021 below 1%, the 10-year yield was on an upward trend through April when it hit a snag and headed back down in July and August when it bottomed out at 1.19%.

COMMERCIAL PROPERTY PRICING SNAPSHOT

The Green Street Commercial Property Price Index® went up 5.3% in November.

Leading the charge and registering the widest month-over-month gains were the **industrial, self-storage, and retail** asset classes.

The all-property index is up 24% this year and is now 14% higher than it was pre-COVID.

Self-storage has taken the lead on **pre-COVID price gains** with an **eye-popping 66% increase**. Industrial follows at 53%. **Manufactured Housing brings home the bronze with 34% growth**.

Year-over-year, self-storage leads with a 66% jump in property values. Industrial once again is in second place at 41%, but Lodging takes third place in this metric with a 32% increase over the past 12 months.

In the past month, Self-Storage continues its lead with an astonishing 18% jump, followed by the beleaguered Mall category which seems to be attempting a comeback with a 16% month-over-month gain.

Meanwhile, **MHPs increased by 2% MoM**. Does this signal a slowdown in the price run-up the MHP category has been experiencing?

GREEN STREET COMMERCIAL PROPERTY PRICING BY SECTOR

	CHANGE IN COMMERCIAL PROPERTY VALUES			
	Index Value	Past Month	Past 12 Months	From Pre-Covid
All-Property	154.8	5%	24%	14%
Core Sector	159.6	6%	26%	18%
Apartment	189.7	3%	29%	22%
Industrial	253.9	9%	41%	53%
Mall	97.6	16%	27%	1%
Office	113.6	2%	6%	-4%
Strip Retail	126.7	6%	30%	13%
Health Care	150.9	0%	10%	6%
Lodging	107.5	3%	32%	-1%
Manufactured Home Park	323.8	2%	24%	34%
Net Lease	115.7	0%	26%	17%
Self-Storage	306.8	18%	66%	66%
Student Housing	168.7	0%	16%	9%

All Property: retail (20%), office (17.5%), apartment (15%), health care (15%), industrial (10%), lodging (7.5%), net lease (5%), self-storage (5%), manufactured home park (2.5%), student housing (2.5%). Core Sector: apartment (25%), industrial (25%), office (25%), and retail (25%). Retail is mall (50%) & strip retail (50%). Health care: medical office (30%), senior housing operating properties (25%), senior housing net leased (20%), skilled nursing (15%), and life science (10%)

Source: Green Street December CPPI Press Release

MHP PRICING SNAPSHOT

+2.0% MoM
PAST MONTH

+24.0%
PAST 12 MONTHS

+34.0%
FROM PRE-COVID



TOP 10 STATES FOR MH SHIPMENTS

State	Single	Multi	Total	Floors
Texas	715	868	1,583	2,464
Florida	185	456	641	1,107
North Carolina	277	298	575	874
South Carolina	176	287	463	752
Louisiana	274	184	458	646
Alabama	189	241	430	671
Mississippi	180	196	376	572
Michigan	214	153	367	520
Georgia	114	235	349	586
Kentucky	80	217	297	515

Source: Census Bureau

FEATURED DEAL

The Capstone Manufactured Housing team is proud to share our recent closing of Peachtree Crossings, a 5-star community featuring 327-sites across 88+ acres in Gardendale, Alabama.

Our team actively marketed this mobile home park across the country to create a competitive environment and generate multiple offers. As a result, our seller received market-maximized price and terms.



Capstone is the #1 Private Multi-Family Brokerage in the United States.



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