Prefabricated Housing Market in the US

Industry Study with Forecasts for 2020 & 2025

Study #3489 | January 2017 | $4900

Growth in demand for prefabricated housing in the US -- including manufactured housing, modular housing, precut housing, and panelized housing -- will be driven by continued gains in housing demand across most of the country. Trade in prefabricated housing is minimal due to costs associated with shipping very large portions of housing units over long distances. Many small prefabricated housing producers operate only in a limited geographic range, while larger producers tend to have many production facilities spread throughout the country.

South still largest regional demand

Growth in demand for manufactured homes through 2020 will lag the overall housing market. The South, by far the largest regional market for manufactured units, will drive growth, supported by the region’s large rural and lower or fixed income populations, as well as the presence of vacation or second homes, a common use for prefabricated housing types.

Manufactured housing is largest segment of prefabricated housing

Manufactured housing’s share of the overall US housing market peaked in the late 1990s, after a period of lenient lending requirements for manufactured home purchases. When the overall economy weakened in 2000, repossessions began to increase and lending standards were tightened, leading to significant supply of repossessed units, as well as both reduced demand and declining share for manufactured housing. As the economy improved, the increase in subprime lending for conventional housing allowed more buyers to select site-built housing over manufactured units, further suppressing demand for manufactured housing. Still, manufactured housing is the largest segment of the prefabricated housing market.

Other types use more on-site work

Other prefabricated housing types, including modular housing, precut, and panelized, more closely resemble conventional construction and are used for both single-family and multifamily housing. While they are partially assembled in factory settings, they require more on-site work than manufactured houses, which are placed on-site nearly complete. These housing types generally make up a small but fairly steady share of the market.

Study coverage

This Freedonia industry study analyzes the 100,000 unit US prefabricated housing market. It presents historical demand data (2005, 2010, 2015) plus forecasts (2020, 2025) by product type, including manufactured housing (single section, double section, and three or more section), modular, precut, and panelized housing, as well as by US census region and subregion, and by state where applicable. This study also evaluates company market share in terms of manufactured housing units and overall prefabricated housing, and presents competitive analysis on industry participants including Clayton Homes (Berkshire Hathaway), Champion Home Builders, Cavco Industries, Skyline, Legacy Housing, Wausau Homes, and Ritz-Craft.
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“Other Prefabricated Housing”

Log Houses

Log houses include the building logs or log-shaped timber that has been cut and prepared by machinery, or less commonly, by hand in a factory environment. Log homes come in many different styles, ranging from small cabins to large, luxurious homes. Many producers also offer custom designs. Historically, most log homes were mainly used as secondary or vacation homes, but recently the majority of new log homes have been used as primary residences. In addition, the average square footage of log housing has risen due to growing customer preference for more living space.

After the 1970s energy crisis, the energy efficiency of log homes came into question, particularly in climates with colder average temperatures. As a result, building code provisions requiring walls of log homes to meet the same R-value (a measure of the insulative properties of construction materials) as the framed, insulated walls used in conventional construction were passed in many states. Logs have a relatively low natural resistance to heat transfer, and are rated at approximately half the R-value of framed walls. However, logs also act as thermal mass, meaning they store heat during the day and gradually release it at night, potentially reducing heating costs in mild, sunny climates that see a substantial temperature change from day to night.

Many log home manufacturers overbuild their products, especially the floor, window, and roof systems, in order to meet R-value requirements. The costs of overbuilding are then passed on to the consumer. In the 1990s, advances in joinery and the development of expanding sealants and gaskets aided log home energy efficiency. Log homes also often incorporate passive solar designs (e.g., the placement, type, and size of windows) that provide energy saving benefits. For example, Beaver Mountain Log & Cedar Homes uses logs that have been precision cut for complete details on any study visit www.freedoniagroup.com

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Table 4-1

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<th>Item</th>
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<td>+ value added &amp; retail markup (mil $)</td>
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*manufacturer’s price plus cost of attachment/assembly

Source: The Freedonia Group

Table 6-4

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Source: The Freedonia Group

This study can help you:

• Determine your market & sales potential
• Learn more about industry competitors
• Assess new products & technologies
• Identify firms to merge with or acquire
• Complement your research & planning
• Gather data for presentations
• Confirm your own internal data
• Make better business decisions

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January 2017
$4900

Related Studies

Roofing Underlay in the US
US demand for roofing underlays is forecast to rise 3.4 percent per year to 215 million squares in 2020. Synthetic underlay usage will exhibit rapid gains, overtaking asphaltic products as the most often used underlay in the US. New residential building construction applications will grow the fastest, though residential reroofing will remain the leading market. This study assesses the 181.1 million square US market, with demand forecasts for 2020 and 2025 by product and application. The study also examines the market environment and analyzes company market share. #3473........ November 2016 ............... $4900

World Drywall & Building Plaster
Global demand for drywall is forecast to rise 4.0 percent per year through 2020 to 10.0 billion square meters. Over one-third of new drywall demand generated between 2015 and 2020 will be in China. Worldwide demand for building plaster is projected to rise 3.7 percent yearly to 37.1 million metric tons in 2020. This world study details the 8.2 billion square meter drywall market and the 31 million metric ton building plaster market, with forecasts by market for 2020 and 2025 in 6 regions and 21 countries. The study also assesses the industry structure and evaluates market share. #3464.............. October 2016 ............... $6300

World Insulation
Through 2020, global demand for insulation will rise 3.7 percent per year to 26.0 billion square meters of R-1 value. More than half of new global demand between 2015 and 2020 will occur in the Asia/Pacific region, with China, India, and Indonesia recording solid growth. Foamed plastic insulation will lead value gains. This study analyzes the current world industry, at 21.6 billion square meters of R-1 value, with forecasts for 2020 and 2025 by material, market, region, and for 21 countries. The study also details company market share and profiles global players. #3435.............. July 2016 ............... $6500

World Prefabricated Housing
Global demand for prefabricated housing will rise 2.7 percent annually through 2019 to 3.4 million units. Gains will be driven by the Asia/Pacific and Africa/Mideast regions and by Central and South America, based on advances in overall housing activity as well as increasing market penetration of prefabricated housing. This study analyzes the 2.9 million unit world prefabricated housing industry, with forecasts for 2019 and 2024 by type for six world regions and 20 major countries. The study also evaluates company market share and profiles industry participants. #3375.............. February 2016 ............... $6200

Freedonia’s methods

• Establishing consistent economic & market forecasts
• Using input/output ratios, flow charts & other economic methods to quantify data
• Employing in-house analysts who meet stringent quality standards
• Interviewing key industry participants, experts & end users
• Researching a proprietary database that includes trade publications, government reports & corporate literature

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