

Niche Markets = Wealth!
Article 2 of 6
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In many areas of the country today, investors are finding greater competition for fewer deals. Rising interest rates and housing prices make it difficult not only for the investor to find attractive deals, but also shut many potential home buyers out of the market. What can you do about this situation?

Savvy investors have long known that it's to their advantage to operate in a niche business. They also educate themselves to operate in a wide variety of market and economic conditions. As housing costs and interest rates rise, the pool of potential single-family home buyers shrinks and the pool of renters rises, thereby creating opportunity for investors that can use this to their advantage.

Over the years many of these savvy investors have been quietly plying their trade in just such a niche business, and have been reaping the rewards for their efforts. Just what is this niche investment? Manufactured homes and manufactured home communities. Yeah, I know, those things they also call mobile homes and that some folks even call trailers! Who in their right mind would invest in those things you ask? Well call me crazy! (Crazy like a fox!)

Smart investors have many tools at their disposal with which to take advantage of opportunities as they arise. No matter where you live, what your area of specialization, and despite what you, your friends, the media, and the public at large may think about this particular housing product, there are six excellent reasons you should consider investing in the manufactured home market.

Six Reasons to Invest in Manufactured Homes

1. Affordable Housing in High Demand
2. Niche Market
3. Lower Entry Cost
4. Excellent Cash Generation
5. Fantastic Returns
6. Grow Your Own Customers

Niche Markets

Find a need and fill it. There is excellent logic in this old maxim! Why beat your head against a wall creating a market, when you can give people what they *already* need?!

In an article excerpted from *303 Marketing Tips Guaranteed to Boost your Business* entitled "Specialize in a Niche Market", Entrepreneur.com had this to say about niche markets:

"Specialization in a product area can make you the recognized expert. If you try to compete in an entire category, your message may be so scattered that customers will flock to other companies that specialize in niches within your category. You can't be everything to everybody. Be happy being everything to a few people."

By "being everything to a few people," you can get good at offering solutions that address their concerns. You know the "benefits" your product or service provides to them. Remember, a "feature" is what something is; a "benefit" is what it does. For example, a feature you may offer when you sell a pre-owned manufactured home is "No Banks – Owner Financing." The benefit to your customer is that they have a better chance of qualifying. A feature of owning a manufactured home in a community is paying space rent. A benefit is living in a community that provides them with a lifestyle they can afford. A feature may be the lower cost per square foot than other housing options. The benefit this provides is in owning a larger home for the same or less money. The more benefits you are able to identify for your customers, the better you will be at helping them get those benefits!

Manufactured home investing is a perfect example of the classic niche market. Within the broad scope of real estate investing is the category of "shelter", or any investment related to housing. Within that large category is affordable housing, and within that lies the highly specialized niche of manufactured housing. Within that is found our niche—pre-owned manufactured homes.

There are several factors that make investing in pre-owned manufactured homes a great niche opportunity. The first is the availability of financing for these homes, or rather the lack of it. Because the homes you will be dealing with are pre-owned, there is very little institutional financing available for them, (the major source being local banks and credit unions.. The next factor that comes into play is the potential buyer's

borrowing power themselves. The great majority of them cannot qualify for traditional financing even when available, and do not have the resources to pay cash for the home.

Because of these two factors, the resale market for pre-owned manufactured homes is restricted, causing sellers to carefully consider any offers from the few cash buyers out there (You!) Investors can offer a benefit to most sellers of manufactured homes that other potential buyers can't: quick cash. What does the investor do once they've bought the home?

While some investors like to buy and sell for quick cash profits, the majority of investors in the pre-owned manufactured home niche are in it to create one thing: long-term cash flow! They do this by requesting a reasonable down payment and financing the sale for their buyers, the very thing these buyers need. It's the definitive win-win proposition! Once the buyer has bought the home, the investor enjoys a monthly income stream, typically for terms ranging anywhere from one to ten years. And the yield (ROI) beats, hands down, the anemic returns paid by institutions.

There are plenty of benefits to go around for everyone involved in a niche market, and investing in manufactured housing is no different. In the next article we'll take a look at another benefit this niche offers: lower entry cost.

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