

“Modular Is Going To Be The Future Of Construction”...

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<https://modularhomesource.com/modular-is-going-to-be-the-future-of-construction-maybe/>



We all know that the new home and commercial construction industries are always in a state of flux, with cyclical ups and downs happening every few years. But what is happening today is unprecedented.

Since COVID-19 and the resulting pandemic, modular and offsite construction factories have seen the economy wielding a double-

edged sword in their direction. One edge looks for the good side of the apple and the other looks for the rotting side.

Let's recap what has happened over the past two years and then we'll try to see what the future has to offer our industry.

In the beginning, COVID forced the country to shut down. Factories had to make changes in protocol just to allow workers back into the production lines. Non-hands-on workers were told to work from home and demand for affordable and single-family houses began to climb.

Then workers were allowed to return to work but the government was paying a lot of money if you simply stayed home and factories began seeing huge chunks of their production lines needing skilled labor. Retirement-aged workers decided now was the right time to actually retire. That continues to be a problem.



At the same time, COVID restrictions kept cargo ships carrying building materials and supplies from entering the US which resulted in major shortages and rising costs, especially for lumber. But the demand for housing kept coming.

Rising costs forced offsite and modular factories to continually raise prices and the demand for housing continued to climb. Damn the shortages...Damn the lumber prices, builders and developers were banging on the factory's door wanting new housing.

Now the industry is not only faced with all those previous problems that should have, under normal conditions, slowed new home sales, but it's now facing increasing mortgage rates, continued shortages, lack of skilled labor, and last but not least, skyrocketing gas and fuel prices.

And still, the demand is high which is bringing new modular factories into the market.

In April, 234,000 encounters (we are not to call them illegals any longer) were reported with a majority of them registered and allowed to live in the US. Every family will need housing and the modular and manufactured industries are already starting to feel the brunt of it.

Now add the immediate need for affordable, attainable, and homeless housing in the US, and our industry could soon be at the breaking point.

Prices for modular factories used to be set annually (good old days). Then it became quarterly, then monthly and today any factory that prints a price list is having to adjust it almost daily.

This is becoming a housing bubble but unlike the bubble and recession of 2008, this one will burst while demand is still climbing. Factories are reaching their capacity quickly and with new factories taking tens of millions of dollars to fund and up to two years to build, the existing factories will have to pick up the slack and find unique ways to keep producing housing until the new ones come on line.



Huge niche housing markets are beginning to open up. Auxiliary Housing Units (ADU), tiny or small homes, homeless villages, Airbnb housing, and workforce housing are each strong enough to see modular and offsite factories geared to specifically supply each one of them.



If your factory is still in the “Quote, Contract, Build and Deliver” business and simply passing increased costs onto the builder or developer, you really need to start looking at where your factory will

be in 5 years when single-family and custom homes will not be enough to keep the doors open.



Our industry has to begin looking at building standard housing plans, automating more, finding ways to satisfy those new housing markets, and pricing for profitability if we are going to grow fast enough to keep up with what the media and all the experts say about us.

“Modular is Going to be the Future of Construction”...For Sure!