

Commercial Mobile Office and Modular Building Industry

2001 Statistical Survey



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I. INTRODUCTION

A. Modular Building Institute: Annual Survey

The Modular Building Institute ("MBI" or the "Association") is the industry trade association representing manufacturers, suppliers and dealers of commercial factory built structures. During spring 2002, the MBI prepared and distributed survey questionnaires to both member and non-member manufacturers and dealers (the "2001 Statistical Survey"). The 2001 Statistical Survey is the tenth survey conducted by the Association. In each of the eight prior years, a similar survey was conducted by the Association covering calendar years 1993 to 2000 and in October 1991, the results of a comprehensive 1990 industry survey were released. The MBI intends to conduct an annual survey of manufacturers and dealers as a device to chart industry growth and as a tool to benefit member organizations.

B. General Industry Description

Commercial Modular Buildings are non-residential factory built structures generally designed to meet federal, state and local building codes and are capable of being relocated. The commercial modular building industry is comprised of four distinct participants:

- * **Wholesale Manufacturers** that sell only to Dealers;
- * **Manufacturers-Direct** that sell to retail customers as well as to Dealers;
- * Independent **Dealers**; and
- * **Suppliers** to the dealers and manufacturers.

The vast majority of **wholesale manufacturers** are private, independent single-location facilities. Manufacturers generally operate as wholesale suppliers of modular buildings to industry dealers. The wholesale manufacturers respond to dealer requests for quotations and build both mobile offices and customized modular buildings. Manufacturers that either maintain their own lease fleet or sell new and used mobile offices and modular buildings directly to retail customers are referred to as **manufacturer-direct** companies.

Independent **dealers** respond to retail customer requirements for mobile and modular space. The dealers lease or sell new and used modular buildings and mobile offices. Dealers generally work with a customer to complete a space plan, order a new building from a wholesale manufacturer or manufacturer-direct and arrange for delivery and installation of the building. Dealers may subcontract the delivery and installation or perform the work with their own personnel. Dealers range in size from single location sales operations with little or no lease fleet to large, well-capitalized lessors with sales offices nationwide.

Suppliers include component suppliers such as plywood, steel, heating and air conditioning systems, frames, chassis, plumbing and electrical fixtures as well as freight companies, installation crews, financing, insurance and bonding companies.

The mobile and modular building industry, with its roots in construction trailers, has expanded over the years to include a multitude of uses where speed of occupancy, relocatability and the temporary need for space are primary market drivers. The industry responds to an ever-increasing need to provide timely delivery of flexible and complex commercial structures. An end user's annual budgeting or appropriation process fits squarely with the primary market drivers of the industry: flexibility of design and the ability to rapidly deliver temporary space in a cost-effective manner. The modular buildings and mobile offices are not "land attached" and can generally be moved from one site to another site that later becomes more usable or profitable. Shifting demographics play a significant role in the relocatability of these structures, particularly for the educational markets.

The modular building industry can be divided into two major segments: single and doublewide factory built buildings generally leased on a short-term basis (together referred to herein as "Mobile Offices") and multi-unit (three or more) modular buildings ("Modular Buildings") typically leased for longer terms. The Mobile Office and Modular Building segments will be referred to collectively as the "modular building industry."

Individual **Mobile Offices** vary in size, with the smallest measuring 8' x 16' and the largest 18' x 84'. Typical construction is wood frame mounted on a steel chassis, with fixed or removable axles and hitches. These offices are generally built to the same model building code as those built on-site. With normal maintenance a Mobile Office will last indefinitely. While generally built to one of three national model building codes, mobile offices may be land-locked in the state(s) in which they bear a state seal indicating compliance with that states' current version of the building codes. Mobile Offices intended for rental on construction sites are deemed to be "temporary" and generally do not require a state seal. Mobile Offices intended for use at a site other than a construction site generally do have a state seal(s). Building code enforcement procedures are assumed by state agencies which may contract their duties to independent third party inspection agencies. While state codes and procedures differ, there is growing state-to-state code compliance reciprocity. The typical rental period for single mobile offices other than classrooms is between three and eighteen months. Classrooms usually remain on lease with a single lessee for periods well in excess of thirty-six months.

In addition to construction site offices, individual Mobile Offices are used as classrooms, sales offices, in-plant offices and general commercial offices. Specialty mobile units function as office/storage combinations, restrooms, showers, decontamination units, change units, restaurants, diners, fast food buildings, equipment shelters and branch banks.

Unlike Mobile Offices, which generally offer standard floor plans and standard features, **Modular Buildings** are often designed and built to meet the specific requirements of the initial end user. Modular Buildings provide high quality, rapidly built, relocatable or permanent solutions to the space demands of a broad client base. Simultaneous manufacturing and site work often allows modular building occupancy to occur much faster than traditional methods of construction. A shorter construction period can reduce both construction period financing and supervision costs and can put the building to work sooner. Nearly all engineering, design, and architectural disciplines are part of the manufacturing team, thereby eliminating the time consuming involvement of outside engineers and consultants.

Combining the design flexibility of traditional building methods with the quality of controlled manufacturing, the industry has refined a construction process which provides speed, economics, and architectural aesthetics. Historically, Modular Buildings have been used as hospital and diagnostic health care facilities, educational facilities, daycare centers, correctional facilities, banks, commercial office buildings and in a variety of high tech fast-growth industries. These practical, time and money saving alternatives to site-built buildings effectively meet the specialized needs of diverse businesses. Customers served by Modular Buildings include federal, state and local governments, school boards, corporations, non-profit organizations, Indian tribes, quasi-government entities like the U.S. Postal Service, as well as individuals, partnerships, and sole proprietorships. Other uses include medical facilities, airport facilities, military installations, restaurants, retail businesses and remote telecommunications switch stations. Some facilities are used as an adjunct to existing buildings while others are stand-alone buildings. Flexibility and reutilization are the hallmarks of Modular Buildings. Unlike structures built on-site which generally have fixed utilization and occupancy design, modular units fulfill a unique function of reutilization that is not site specific. It is not unusual to have a Modular Building serve a wide variety of users during its long life span.

Since users of the relocatable buildings are diverse, specific industry slowdowns do not significantly impact sales and leasing companies. The flexibility of these buildings makes them a secure investment. During severe economic downturns, these conditions allow lessors to enjoy cash flows adequate to service debt. This flexibility is further enhanced by the ability to relocate buildings to more prosperous cities or industries as opportunities arise. Certain market segments of the industry are counter-cyclical. This is particularly true of education, prisons, and governmental agencies that want to transfer funding for facility needs from capital budgets to operating budgets. This concept also applies to industries which may want to expand but are uncertain about the long-term strength of their growth. Budget driven companies often opt for leased facilities. In such cases Modular Buildings offer benefits and options without long-term capital commitments.

In late 1993 the Florida Department of Education released the results of a comprehensive study of The Use of Relocatable Classrooms in the Public School Districts of Florida. This research report from the Florida Office of Education Facilities was prepared based on the results of surveys sent to superintendents and facility planners in all 67 counties, over 1,300 teachers, site visits to schools and factories as well as meetings with industry representatives. Over sixteen thousand (16,000) relocatable classrooms were reported to be in use in Florida in 1993. The average age of those units was reported as 19 years. Each of the 67 counties had some relocatable classrooms. Facilities planners expected a service life of 23 years with many in place beyond 40 years. “This study has found that the **primary advantages** of the relocatable classroom are its ability to **provide flexible, suitable short-term accommodation** for Florida's growing student population and its ability to **provide that accommodation incrementally, in a timely and cost efficient manner.**” (emphasis added)

C. Survey Methodology

The MBI Membership Committee in cooperation with the Board of Directors maintains an updated list of industry participants. During April 2002, the MBI prepared survey questionnaires for all member and prospective-member dealers, manufacturer-direct companies

and wholesale manufacturers. Questionnaires were mailed by the MBI to the following number of industry participants:

	Dealers	Direct Manufacturers	Wholesale Manufacturers
MBI Members	61	27	35
Prospective Members	142	66	110
Total	203	93	145

These recipients represent all companies engaged in business in our industry which are included in the MBI database. Responses were received from seventeen (17) dealers, eleven (11) manufacturer-direct companies and nineteen (19) wholesale manufacturers. Thus, the response rate based on the number of questionnaires mailed was 8.4% for dealers, 11.8% for manufacturer-direct companies and 13.1% for wholesale manufacturers.

PFS Corporation, an independent company providing quality control, testing, inspection and certification services for the modular building industry tabulated the results. The survey was conducted on a double blind basis. PFS did not have company names associated with the responses and the MBI did not receive the individual responses. The original survey responses are held by PFS Corporation and are not available to the public or to MBI officers, members or management staff.

Only those responses answering the specific question(s) were included in any tabulation. "Zero" responses were counted as non-responses and were not included in the sample for calculating averages and other statistics.

D. Review of Descriptive Statistics

PFS Corporation tabulated the questionnaire results and provided the MBI with totals and number of responses for each total. PFS Corporation also provided certain range and concentration data as requested.

An "average" can be calculated using three different methods. The mean is the numerical average, which is the sum of the responses divided by the number of responses. "Mean" is the most commonly understood meaning of average. The median is the response that lies in the middle of a sequence, i.e., the value above and below which there are an equal number of responses (regardless of the values of those responses). The mode is the most frequently occurring response. The mean and median are provided throughout this report.

In a sample or population that has a normal or "bell-shaped" frequency distribution, the mean, median and mode all have the same value. This generally occurs when there are a large number of similar responses. "Similar" is a relative term. Similarity among observations is reported as a standard deviation which measures the dispersal or scatteredness of the observations. A sample population with a normal distribution has 68% of the observations within one standard deviation of the mean, and 95% of the observations within two standard

deviations of the mean. When a small number of atypical observations distort the mean relative to the median and mode, the distribution is skewed. This generally occurs when there are a small number of responses or when the responses contain a significant outlier. By way of example, if survey results provide significantly different measures of average lease fleet size, then the population has a wide distribution (lots of dealers with 400 units and one dealer with 60,000 units). WHEN THE POPULATION IS SKEWED, A MEDIAN AVERAGE GENERALLY PROVIDES A BETTER ESTIMATE OF THE “AVERAGE” RESPONDENT.

Calculation of the appropriate “average” is essential in the quest to ascertain the size of the commercial modular building industry. As an example, if we were curious as to the total number of Mobile Offices and Modular Buildings in active lease fleets, the most accurate measure would be if all industry participants would truthfully disclose the number of units in their own lease fleet at a given point in time. Since this is not feasible, a reasonable method to estimate the total number of units in domestic lease fleets is to calculate a reliable average and multiply by the number of active industry participants. Accuracy of this estimate is a function of numerous factors including clarity of the survey questions asked, veracity of the responses, confidence in the calculated averages and estimate of the total number of industry participants.

Section V of this survey summarizes 2001 industry estimates based on median averages and the number of industry participants as set forth in the MBI database. The MBI estimates 2001 industry revenues were \$5.33 billion (see pages 27-29).

II. MANUFACTURER RESULTS

The 2001 Wholesale Manufacturer Questionnaire requested total number of floors produced and shipped in 2001 together with breakout detail over various size categories; total square footage shipped in 2001; 2001 gross sales; and both 2001 and 2000 warranty expenses.

A. Floors Produced in 2001

Nineteen (19) respondents reported 16,616 total floors produced in 2001 up 20% from the 13,811 floors produced in the prior year. The mean (mathematical average) was 875 floors and the median average (middle of the ordered responses) was 600 floors. The 2000 mean average was 727 and the median was 594. Thus, both the mean and the median rose slightly over the 2000 averages. The largest respondent in terms of 2001 floors produced was one-third of the total while the five largest accounted for 60.8% of the total.

Wholesale Manufacturer Floors Produced

Year	Total	Mean	Median
2001	16,616	875	600
2000	13,811	727	594
1999	21,541	1,026	548
1998	18,534	1,158	686

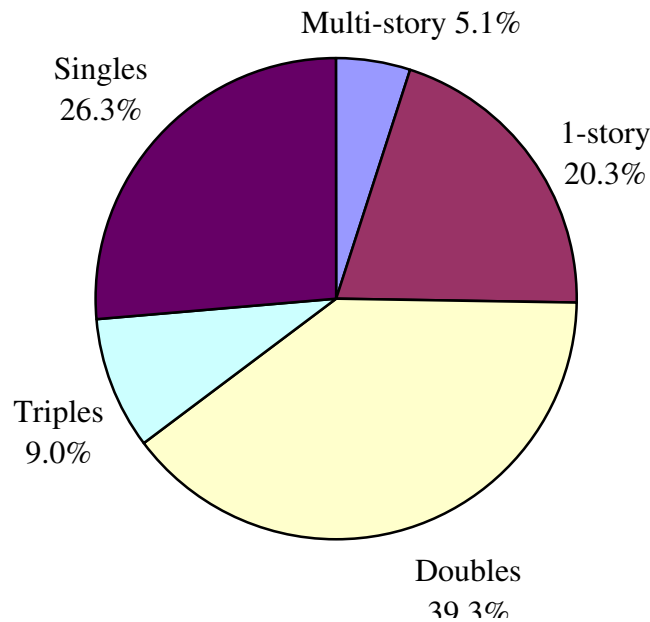
The 2001 MBI mean and median floors produced were checked for reasonableness by comparing the computed averages with those generated by the 2001 survey of special unit producers conducted by Automated Builder magazine (see March 2002 issue). Special unit producers that manufacture modular or panelized commercial buildings reported 2001 production to Automated Builder of 6,973 floors with a mean of 536 floors and a median of 350 floors. The 2001 Automated Builder averages are down significantly from the 2000 Automated Builder mean of 1,038 and median of 600.

The MBI mean average of 875 is 63% above the calculated 2001 Automated Builder mean and the MBI median is 71% greater than the 2001 Automated Builder median average. While the number of respondents to each survey was fairly close at 19 for the MBI and 22 for Automated Builder, only 13 of the 22 disclosed the number of floors produced to Automated Builder. More significantly, of the 13 reporting floors produced to Automated Builder, 5 reported producing 75 or less floors in 2001 while only 2 reported producing less than 75 floors to the MBI in 2001. The sample sizes and relative composition are responsible for the deviations.

	Floors Shipped MBI Survey	Automated Builder
2001 Mean	875	536
2001 Median	600	350

Total floors produced by category in 2001 were calculated on the basis of the floors for which category information was provided. Sixty-six percent (66%) of the units shipped were Mobile Offices (singles and doubles) while thirty-four percent (34%) were Modular Buildings divided between triples (9%), single story complexes (20%) and multi-story complexes (5%). In 2000, singles accounted for 27%, doubles 41% (together 68%); triples 11%, single story complexes 17% and multi-story complexes 4%.

**WHOLESALE MANUFACTURERS
2001 Floors Produced by Type**



The percentage of doublewide units produced in 2001 declined to 39.3% from 40.5% in the prior year and singles produced declined from 27% in 2000 to 26.3% in 2001. The decline in singles and doubles production was absorbed by an increase in single story complexes (up from 17.1% to 20.3%) and multi-story complexes (up from 3.9% to 5.1% in 2001).

Percent of Floors Produced by Wholesale Manufacturers

Category	2001	2000	1999	1998
Single	26	27	38	47
Doublewide	39	41	41	30
Triplewide	9	11	9	10
One Story Complex	21	17	10	12
Multi-Story Complex	5	4	2	1
	100%	100%	100%	100%

Doublewide production reversed the trend since 1998 posting the first decline in several years. Singles production continues to decline from a dominant position in 1998. As a percentage of total units produced, singles have dropped nearly in half over the past three years. This may be the result of a modest slowdown in the construction industry and certainly is the result of continued strong demand in the education marketplace which is predominately served by the doublewide. Production of triples declined to 9% from 11% in 2000. Larger buildings including single story complexes and multi-story buildings each were shipped in far greater percentages in 2001.

B. Total Square Feet

Nineteen (19) respondents reported a total of 10.0 million square feet shipped in 2001 up 41% from 7.1 million in the prior year. The 2001 mean was 526,133 square feet and the median was 336,000. Both 2001 averages are above the corresponding averages reported in the prior year. The 2001 responses were widely scattered with a large standard deviation indicating the presence of significant outliers in the sample.

Wholesale Manufacturers Square Feet Shipped (000's)

	Total Reported	Mean	---Averages--- Median
2001	9,997	526	336
2000	7,082	472	331
1999	8,162	510	352
1998	7,982	665	438

C. 2001 Gross Sales

Nineteen (19) respondents reported 2001 gross sales attributable to floors produced was \$303.3 million, up 21% from the prior year. The mean average per respondent was \$16.0 million while the median average was \$12.3 million. A high standard deviation indicates the responses were widely scattered. The 2001 mean average gross sales were up from \$13.9 million in 2000 while the median average declined from \$12.6 million in the prior year.

Wholesale Manufacturer Gross Sales (Millions)

<u>Year</u>	<u>Total</u>	<u>Mean</u>	<u>Median</u>
2001	\$303.3	\$16.0	\$12.3
2000	250.6	13.9	12.6
1999	293.6	14.0	10.7
1998	267.5	17.8	14.3

If the reported 2001 gross sales for each respondent were divided by the number of floors produced for that respondent, we can look at a rough measure of sales price per floor. The range of prices per floor was a low of \$11,905 to a high of \$126,667 (the next highest is only \$28,571) with a mean average of \$23,926 and a median average of \$17,726. If a significant outlayer at the upper end of the averages is removed from the analysis, the mean declines to \$18,218 per floor and the median declines to \$17,639 per floor. Caution must be used in analyzing this data as the reported gross sales figures may include revenues from items other than sales of floors and the percentage of other revenues included for each respondent may be different. In addition, this survey treats all floors alike although there is certainly a dramatic price difference between a stock 8' x 16' and a custom floor which can be as large as 18' x 84'. In light of these caveats, the range of prices per floor is understandable. Moreover, the calculated price per average floor correlates very highly with the percentage of custom floors reported by each manufacturer. Lower average prices per floor are generally stock units while higher prices are custom buildings.

In order to eliminate the bias created by different floor sizes, reported 2001 gross sales were divided by square feet produced for each respondent to generate sales per square foot. Sales per square foot ranged from \$19.11 to \$168.32 (the next highest is only \$41.67) with a mean average of \$37.62 and a median average of \$30.09. If a significant outlayer at the upper end of the averages is removed, the mean declines to \$30.36 per square foot and the median declines to \$29.94 per square foot. In 2000, sales per square foot ranged from \$13.89 to \$163.64 with a mean of \$34.76 and a median of \$32.05 ignoring the single highest outlayer.

Average sales multiplied by the estimated number of domestic wholesale manufacturers in the MBI database generates an estimate of 2001 sales.

Mean	\$16.0 million	x	145	=	\$2.32 billion
Median	\$12.3 million	x	145	=	\$1.78 billion

Given a large standard deviation, the 2001 median average is probably a more reliable statistic. Thus, estimated industry sales by wholesale manufacturers is approximately \$1.78 billion in 2001, a decrease of 17% from the prior year's estimate.

In the Automated Builder 2001 survey, twenty-two respondents reported aggregate gross revenue of \$203.8 million with a mean average of \$9.3 million and a median average of \$6.7 million. The 2001 Automated Builder mean is well below the MBI mean while the Automated Builder median is just over half the MBI result. The disparity in results indicates the two surveys do not correlate very well.

2001 Gross Sales

	MBI Survey	Automated Builder
Respondents	19	22
Gross Revenue Reported	\$ 303.3 million	\$ 203.8 million
Mean Average	\$ 16.0 million	\$ 9.3 million
Median Average	\$ 12.3 million	\$ 6.7 million

D. Warranty Expense

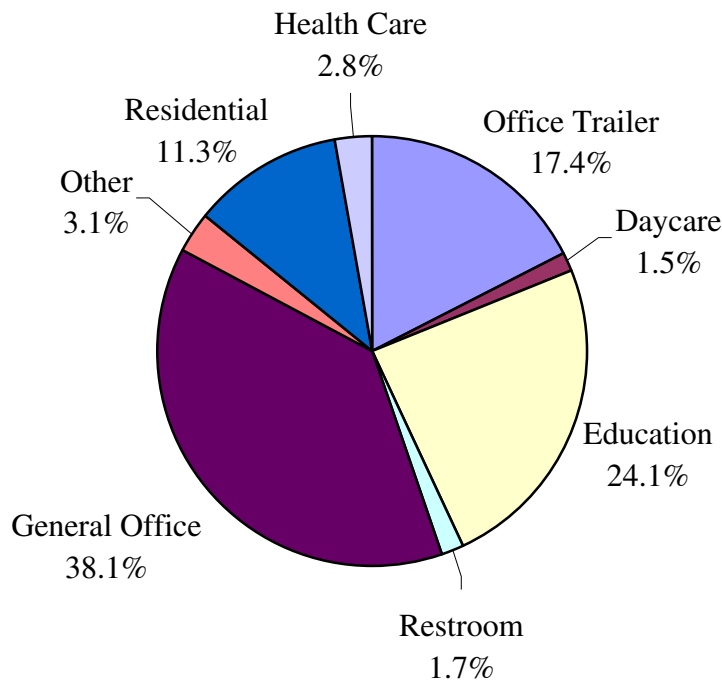
Sixteen (16) respondents reported 2001 warranty expenses ranged from .1% to 2% of gross revenues with a mean average of 1.2% and a median average of 1.3%. The same respondents reported 2000 warranty expenses ranged from .1% to 3.4% of gross revenues with a mean average of 1.3% and a median average of 1.2%.

E. Sales by Market Segment

Manufacturers were asked to break out the percentage of gross sales by end use market segment for 2001. The percentages were multiplied by gross sales for each manufacturer to get a dollar-weighted distribution. General office buildings comprised the largest end use segment at 38.1%, up significantly from 29.2% in 2000. Education was second at 24.1% of 2001 wholesale manufacturer gross sales, up from 19% in 2000. Office trailers accounted for 17.4% of 2001 production, up from 16.8% the prior year. Residential uses such as dormitories and man camps were 11.3% of 2001 production, down from 16% in 2000. Health care suffered the greatest decline from 2000, dropping from 13.6% in 2000 to only 2.8% in 2001.

The three largest end use markets, general office, education and office trailers, accounted for 79.6% of 2001 production by wholesale manufacturers, up from 65.0% the prior year.

2001 Sales by Market Segment



F. Other Data

Manufacturers were asked to provide responses to the following questions:

- a) average number of employees in 2001;
- b) estimated total production hours in 2001;
- c) percentage of units shipped on time as promised at order;
- d) slowest month of production as a percent of largest month;
- e) shipments were made into how many states;
- f) ninety percent (90%) of business conducted within how many miles of plant;
and
- g) five largest customers constitute what percent of business.

The mean and median averages for 1999 to 2001 are set forth below:

	Mean Average			Median Average		
	2001	2000	1999	2001	2000	1999
Total Employees	133	109	120	85	95	92
Production Hours (thousands)	114	136	221	98	97	157
On Time Delivery	91%	91%	87%	95%	90%	90%
Slow Month/High Month	32%	35%	42%	30%	36%	40%
Number States Shipped	13	13	8	10	10	8
Average Ship Radius (miles)	323	299	305	300	250	250
Five Largest Customers	66%	76%	67%	71%	85%	80%

The mean average number of employees increased from 109 in 2000 to 133 in 2001 while the median average decreased from 95 to 85. The trend differed for total production hours year to year; the mean average decreased from 136,000 to 114,000 hours while the median average increased from 97,000 to 98,000 total production hours.

The percentage of units shipped “on time” remained constant at 91% at the mean while the slowest month production as a percentage of largest month production decreased to 30% (32% mean average). The five largest customers accounted for 71% of the wholesale manufacturer’s business based on the median average and 66% based on the mean average. Both measures of customer concentration are below the 2000 figures. In the prior year, the five largest customers accounted for 85% (median) and 76% (mean) of gross sales.

Manufacturers were also asked to list the “biggest problems” encountered in 2001. The problems listed by manufacturers together with the frequency of responses (a manufacturer could list more than one problem) were:

Inconsistent Backlogs (Economic Slowdown)	7
Labor Shortage (Quality)	3
Government or Dealer Review Delays	3

G. Summary – Wholesale Manufacturers

	Reported	---2001 MBI Averages---	
		Mean	Median
Gross Sales (millions)	\$303. million	\$16.0 million	\$12.3 million
Floors Produced in 2001	16,616	875	600
Square Feet Produced	10.0 million	526,133	336,000
Gross Sales/Floors Produced	N/A	\$18,218	\$17,639
Gross Sales/Square Feet	N/A	\$30.36	\$29.94

Based on unit count, 26.3% of the floors produced by wholesale manufacturers in 2001 were singles; 39.3% were doubles; 9.0% were triples; 20.3 were single story buildings of four or more floors; and 5.1% were multi-story buildings.

Gross sales in 2001 for wholesale manufacturers were made to the general office market (38.1%); 24.1% to education; 17.4% to the construction industry; 11.3% residential such as dormitories and man camps; 2.8% health care; 1.7% restrooms; 1.5% daycare and 3.1% other.

III. DEALER RESULTS

The 2001 Dealer Questionnaire requested total floors in the lease fleet at December 31, 2001 together with break out information by various size categories; fleet utilization by category; average sales price (as % of original cost) of used units together with the average age; 2001 gross revenue detail and market segment information.

A. 2001 Dealer Gross Revenue

Seventeen (17) dealers reported total 2001 gross revenue of \$1.16 billion, up from \$986.7 million reported by twenty-two (22) dealers in 2000. The increase in total dealer gross revenue from 2000 to 2001 is attributable solely to the composition of respondents in each sample. Mean 2001 dealer gross revenue was \$68.3 million while median revenue was \$5.1 million. The data contains a large standard deviation which indicates widely scattered responses wherein median revenue is generally a more accurate measure of average.

Dealer Average Gross Revenue (Millions)

MBI Survey	Mean	Median
2001	\$68.3	\$5.1
2000	44.8	2.6
1999	28.0	5.2
1998	32.3	2.8

The 2001 mean average of \$68.3 million is well above the 2000 mean of \$44.8 million and the 1999 mean of \$28.0 million. The 2001 median average is also well above the 2000 median of \$2.6 million and just below the 1999 median. The 2001 sample has a greater dispersion of responses resulting in a divergence of the averages. The 2000 sample included one highly disproportionate response on the topside which lowered the 2000 mean while the 2001 sample included two disproportionately large responses.

The large discrepancy between the mean and the median 2001 dealer gross revenue averages indicates a small sample with a wide variance in the responses. The highest reported total gross revenue figure is more than 1,334 times the smallest (down from 3,279 in 2000). Even more startling, the highest reported total gross revenue figure is 96 times the median average. The two largest respondents together reported 80% of the total dealer revenues. The composition of total dealer revenue (in thousands) by type together with the 2001 mean average and the 2001 median average is set forth on the following page.

2001 Dealer Gross Revenues
(figures in thousands)

	Reported Total	Mean Average	Median Average
Rental Income	570,894	35,681	650
Sales – New	193,069	12,067	3,671
Sales – Used	77,549	5,170	411
Freight In/Out	66,809	4,054	115
Set-up/Dismantle	142,745	9,516	849
Service	4,070	370	50
Other	104,588	10,053	164
Total	1,159,724	68,319(*)	5,093(*)

(*) average columns do not add up as number of respondents differed for each category.

Rental income in 2001 was \$571 million, up 15% from \$496 million the prior year. Rents constituted 49.1% of total dealer revenues in 2001, down slightly from 50.3% in 2000 yet still above the 47% reported in 1999. Mean rental income was \$35.7 million, up nearly 44% from \$24.8 million in 2000 and up over 130% from the 1999 mean. Although the mean average was up significantly, the median average declined for the second year in a row. The 2001 median rental income per dealer was \$650 thousand, down from \$850 thousand in 2000 and down from \$2.15 million in 1999.

The range of responses for rental income in 2001 was substantial with the smallest being \$10 thousand and the largest in excess of \$238 million. The top two respondents comprised 82% of reported rents and the top three comprised nearly 96% of the total. The gross divergence of the mean and median averages indicates a very large dispersion of the responses. When the data is widely scattered, a median average is generally a superior measure. Thus, based on the median, an average dealer generated \$650 thousand rental revenue in 2001.

Sales of new units in 2001 were \$193.1 million, up 22.8% from \$157 million in 2000. Mean sales in 2001 were \$12.1 million and median 2001 new sales were \$3.7 million. The mean average was 61% greater than the 2000 mean and the 2001 median average was 118% greater than the 2000 median. New sales accounted for 16.6% of 2001 total revenues, up from 15.9% of the 2000 totals.

Sales of used buildings reported in 2001 was \$77.5 million, down from \$92.5 million in 2000. The 2001 mean declined from \$5.8 million in 2000 to \$5.2 million in 2001 while the median average declined from \$602 thousand in 2000 to \$411 thousand in 2001. Sales of used buildings constituted 6.7% of 2001 total revenues, down from 9.4% in the prior year.

Together, new and used sales in 2001 were \$270.6 million, up 9% from \$248.7 million in 2000. Aggregate 2001 sales were 23.3% of revenues, down from 25.3% of 2000 revenues. Based on median averages, each dealer sold \$3.7 million of new buildings and \$411 thousand of used buildings.

Set up and dismantle revenues in 2001 were \$142.7 million, up nearly 28% from the \$111.8 million reported in 2000. Mean 2001 set up and dismantle revenues were \$9.5 million

while the 2001 median was \$849 thousand. Both averages are up significantly from the figures reported in 2000. The \$9.5 million 2001 mean is more than 36% above the 2000 mean average while the 2001 median is 162% above the prior year.

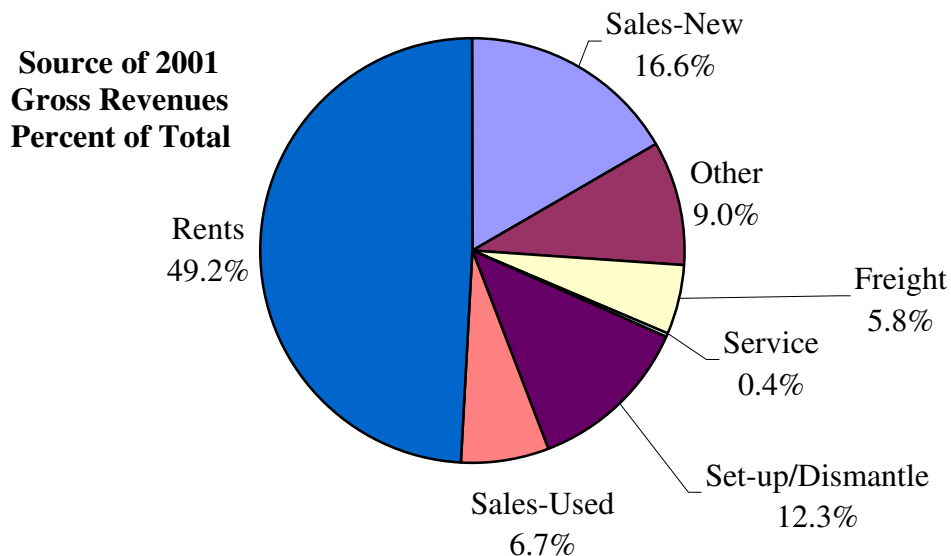
Freight revenues were \$66.8 million in 2001, up 13% from \$59 million in 2000. The mean average in 2001 was \$4.1 million, up 10% from the 2000 mean of \$3.7 million while the median declined slightly from \$120 thousand in 2000 to \$115 thousand in 2001.

Ancillary fleet services including delivery, set up and dismantle, together was slightly over \$209.5 million in 2001, a 22.6% increase over \$170.9 million in the prior year. Together these ancillary services constituted 18% of total gross revenue, up from 17.3% of total revenues in 2000.

Service was \$4.1 million in 2001, well below the \$15.5 million reported in 2000. Not surprisingly, the mean declined from \$1.2 million in 2000 to \$370 thousand in 2001 yet the median average rose slightly from \$40 thousand to \$50 thousand in 2001. Service accounted for less than one half of one percent in 2001, down from 1.6% in 2000.

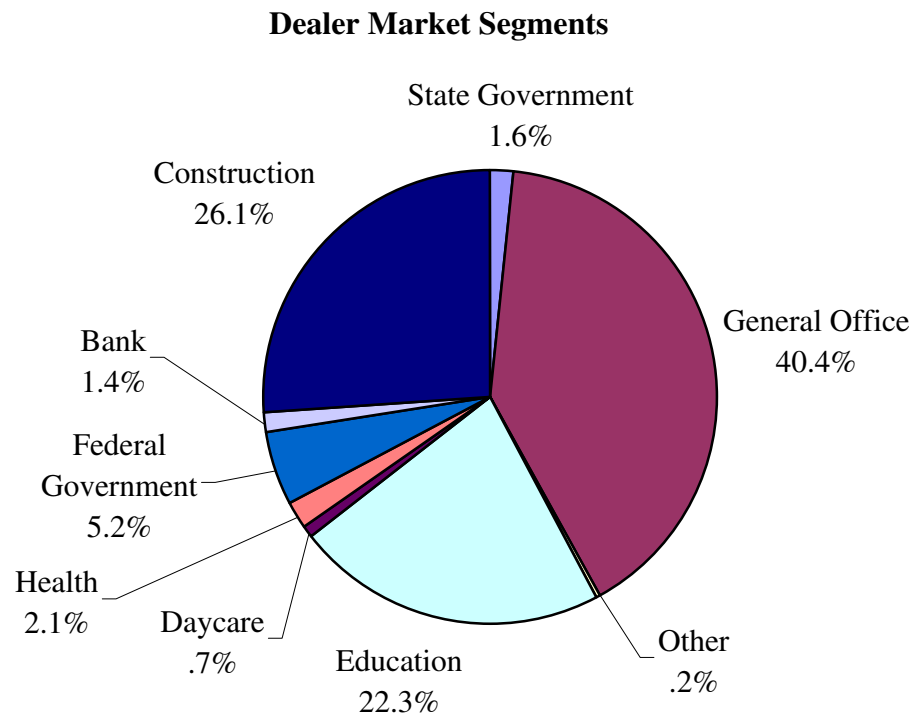
Other revenue reported in 2001 was \$104.6 million, nearly double the \$54.8 million in 2000. The 2001 mean was \$10.1 million, up 28% from the 2000 mean of \$7.5 million. The 2001 median, however, was only \$164 thousand, well below the \$293 thousand median of 2000. While respondents reported other income, no detail was provided as to what constituted the other income. Typically, other would include insurance waivers, furniture rentals and security and alarm system rentals. Two representatives together reported more than 98% of total other revenue. If these two other responses are removed, other revenue in 2001 drops to a mean of \$206 thousand and a median of only \$78 thousand.

Including all reported gross income, the 2001 revenue composition for dealers is as follows:



If the two large “other” responses are removed from the analysis, the composition of total 2001 revenues may be recast as follows: rents 54.3%; sales of new 18.4%; sales of used 7.4%; (sales total 25.8%); set up and dismantle 13.6%; freight 5.8%; service .4%; and other .2%.

Survey respondents were asked to allocate total 2001 gross revenues over nine market segments. The percentages from each respondent were then multiplied by that respondent's reported total revenue in order to provide the appropriate weight to each response. Revenues from the general office segment constituted 40.4% of total 2001 revenues while construction provided 26.1% and education 22.3%. Together these three primary market segments accounted for nearly 89% of dealer gross revenues in 2001.



Last year the construction market accounted for 27% of dealer revenues, down from 40% in 1999. In 2001, construction segment revenues fell to 26%. 2001 revenues from the education market rose from 21% in 2000 to 22% in 2001 while the general office market declined slightly from 41% in 2000 to 40% in 2001.

Gross Dealer Revenue was derived from the following markets in the past four years.

Revenue Source	2001 Percent	2000 Percent	1999 Percent	1998 Percent
Construction	26	27	40	34
Education	22	21	31	26
General Office	40	41	18	17
Health Care	2	2	3	3
Other	1	2	1	6
Federal Government	5	4	6	3
State Government	2	1	1	4
Banks	1	1	-	4
Day Care	1	1	-	3
Total	100%	100%	100%	100%

B. Lease Fleet Composition

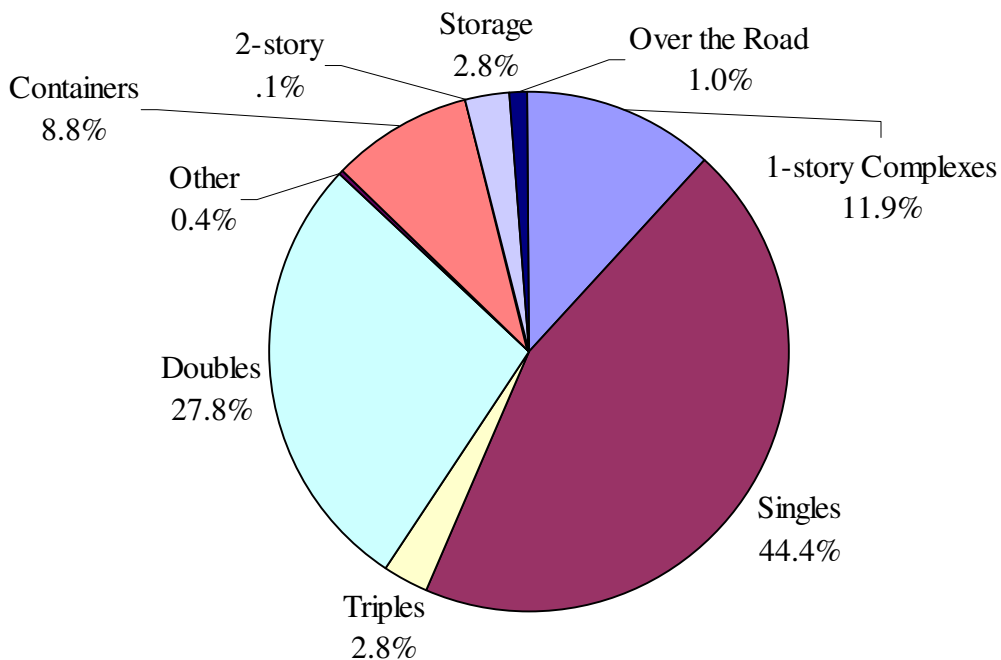
Seventeen (17) dealers reported a total of 194,146 units in their lease fleets at December 31, 2001, up from 187,601 reported last year. The mean average was 11,420 units per dealer up from 9,874 in 2000 while the median average was 263, up from 217 in 2000. The data indicates a large standard deviation which implies that the individual responses were widely scattered with significant outliers. The median was very low relative to the mean indicating that relatively few respondents had very large numbers of modular units in their lease fleets. The lease fleets of the two largest respondents in 2001 comprised nearly 85% of the total floors in the sample indicating a substantial skew. Indeed, the largest reported fleet was 5,219 times the smallest in 2001. Thus, the median is a far better estimate of the size of a typical industry participant's lease fleet.

Units per Dealer Lease Fleets

	2001	2000	1999	1998
Mean (weighted average)	11,420	9,874	6,402	11,877
Median (middle response)	263	217	675	480

The single unit, leased for a variety of purposes including a construction site field office, classroom, sales office or bank building, accounted for 44.4% of total 2001 dealer lease fleets, down from 49% in 2000. Containers, storage units and over the road trailers together accounted for 12.6% of total units consistent with the 13% of lease fleet floors in 2000. Doublewides accounted for 27.8% of dealer fleets in 2001, up from the 2000 share of 21.8%. Triples were down from prior years at 2.8% while single-story complexes were up slightly from 10.8% in 2000 to 11.9% in 2001.

Percent of Mobile Offices and Modular Buildings In Lease Fleet at December 31, 2001



Dealers reported a total of 86,289 single Mobile Offices, down from 92,013 the prior year. The mean average was 5,753 at December 31, 2001, nearly identical to the 5,751 at the end of the prior year. Despite the consistent mean, the median jumped from 87 at the end of 2000 to 203 at the end of 2001.

A total of 53,996 doubles were reported at December 31, 2001, up from 40,904 the prior year. The mean rose slightly from 3,146 to 3,375 yet the median jumped from 63 to 200 at the end of 2001.

Single story complexes were reported at 23,147 floors at December 31, 2001, up 14% from 20,241 at the end of 2000. The 2001 mean rose slightly from 2,024 to 2,104 as did the median average, from 49 at the end of 2000 to 56 a year later.

Dealers reported 16,992 containers at the end of 2001, up modestly from 16,526 a year earlier. The mean average rose from 1,156 to 2,124 while the median dropped from 252 to 232.

Triple-wides suffered a large reported total decline, from 8,977 units at the end of 2000 to only 5,367 at December 31, 2001. Both averages tumbled: the mean from 997 to 447 and the median from 33 to a paltry 8.

The number of storage units reported also declined year to year from 5,831 at the end of 2000 to 5,429 a year later. Despite the decline, both averages soared. The mean rose from 729 to 1,086 at the end of 2001 and the median climbed from 235 to 505.

Over-the-road trailers increased slightly in reported totals from 1,996 at the end of 2000 to 2,034 a year later. Both averages increased: the mean from 499 to 1,017 and the median from 259 to the same 1,017.

The largest decline in reported total units was in multi-story complexes. A total of 1,113 units were reported at the end of 2000 while only 168 were reported at the end of the following year. Both averages dropped significantly: the mean from 371 to 168 and the median from 417 to 168.

C. Lease Fleet Utilization

Lease fleet utilization was measured at December 31, 2001 based on units leased divided by total units. Seventy-nine percent (79%) of all Mobile Offices and Modular Buildings available for lease on December 31, 2001 were actually on lease, down from 82.1% at December 31, 2000 and 84.7% on December 31, 1999.

Utilization of single Mobile Offices was reported at 75.7%, down from 81.6% as of December 31, 2000. Utilization of doubles also declined at December 31, 2001 from the prior year, but the drop was a modest 1% from 82.9% to 81.9%. Triple-wide utilization increased year over year from 80.8% at the end of 2000 to 82.0% at the end of 2001. Single story complex utilization increased slightly from 80.7% to 81.0% at December 31, 2001 while utilization of multi-story leased complexes dropped from 96.2% to 76.2%. Over-the-road trailer utilization increased from 90.6% at the end of 2000 to 95.4% a year later while utilization of both storage units (79.3% to 72.4%) and containers (84.0% to 82.4%) registered declines.

**Percent of Mobile Offices and Modular Buildings
on Lease at December 31**

	2001	2000	1999	1998	1997
Single	76	82	82	84	90
Double	82	83	89	76	92
Triple/Quad	82	81	83	77	88
Complex	81	81	87	88	88
Total	79	82	85	82	90

D. Sale of Used Units

Fifteen (15) survey respondents reported that they sold used Mobile Offices and Modular Buildings in 2001 for a mean average 101% of original cost, down from 110% in the prior year. The median average was also 101% of original cost, up from 99% in 2000. The sample had a very small standard deviation.

The mean age of used units sold in 2001 was 7 years and the median age was 5 years with a symmetrical but broad distribution.

The 2001 results are consistent with those reported in prior years. In 2000, used units were reported as sold for 110% (mean) of original cost with a median of 99% of original cost. In 1999, used units sold for 111% of cost at the mean with a median of 115% of cost.

MBI Survey	Mean Average Sales Price (*)	Average Age in Years
2001	101	6.9
2000	110	7.7
1999	111	8.0
1998	104	8.8
1997	102	7.5

(*) percent of original cost

The survey was not designed to provide data to correlate age and sale prices of used modules. While the data might have been so used, there was no significant correlation. Although one might intuitively expect older buildings to sell for less than newer buildings, maintenance and other external factors appear to have a greater impact on the sales prices for used buildings.

E. Summary 2001 Dealer Lease Fleets

<u>Type</u>	<u>Total Units</u>	<u>Mean</u>	<u>Median</u>	<u>On-Lease</u>	<u>Utilization</u>	<u>2000 Utilization</u>
Singles	86,289	5,753	203	65,355	75.7%	81.6%
Doubles	53,996	3,375	200	44,239	81.9%	82.9%
Triples	5,367	447	8	4,403	82.0%	80.8%
Containers	16,992	2,124	232	14,007	82.4%	84.0%
Storage	5,429	1,086	505	3,932	72.4%	79.3%
Over the Road	2,034	1,017	1,017	1,940	95.4%	90.6%
1-story	23,147	2,104	56	18,752	81.0%	80.7%
2-story	168	168	168	128	76.2%	96.2%
Other	724	242	11	623	85.9%	---
Total	194,146			153,379	79.0%	82.1%

Average dealer revenues multiplied by the estimated number of dealers in the MBI database should generate an estimate of industry revenues produced by dealers.

$$\begin{array}{l} \text{Mean} \quad \$68.3 \text{ million} \times 203 = \$13.86 \text{ billion} \\ \text{Median} \quad 5.1 \text{ million} \times 203 = \$ 1.04 \text{ billion} \end{array}$$

Given a large standard deviation in dealer responses, the 2001 median average should be the more reliable statistic. Unfortunately, the seventeen (17) respondents to this years survey reported 2001 gross revenue of \$1.16 billion. The number reported exceeds our calculated estimate based on the median average. The actual 2001 contribution from all dealers undoubtedly lies somewhere between the two amounts calculated above based on the different averages.

The two largest respondents to the 2001 survey reported aggregate revenues of \$931.1 million. If you believe these two dealers represent a 50% market share, then industry revenues for 2001 can be estimated at \$1.86 billion. If the two dealers U.S. market share is actually below 50%, then the estimate of 2001 dealer revenues would increase. Conversely, if the two dealers U.S. market share in 2001 exceeded 50%, then the estimate of total dealer revenues would decline.

IV. MANUFACTURER-DIRECT RESULTS

The 2001 Manufacturer-Direct Questionnaire requested all information detailed for the Wholesale Manufacturers as well as all information requested of Dealers. Manufacturers-Direct are manufacturers that also deal directly with retail customers. The Manufacturers-Direct Questionnaire requested the total number of floors produced in 2001 together with breakout over various size categories; total square footage, and 2001 gross sales from manufacturing. The Manufacturers-Direct Questionnaire also requested total floors in the lease fleets at December 31, 2001; fleet utilization by building size; 2001 gross revenues from leasing and used unit sales as well as average sales prices of used units.

A. Manufacturing Data

Ten direct manufacturers reported total 2001 gross sales of \$250.7 million with a mean average of \$25.1 million and a median average of \$20.5 million. The gross sales figure is up from \$104.3 million gross sales in 2000 (\$125.2 in 1999). In addition, both the 2001 mean and the 2001 median are above the 2000 mean of \$11.6 million and the 2000 median of \$10.2 million. The ten direct manufacturers produced 5,063 floors with a mean average of 506 floors and a median average of 492 floors. Both averages are well above the 2000 averages. The floors constituted 2.4 million square feet (up from 1.7 million in 2000) with a mean average of 262,116 square feet and a median average of 202,180 square feet. Both averages are well above the 2000 averages.

	DIRECT MANUFACTURERS					
	-2001 Averages-		-2000 Averages-		-1999 Averages-	
	<u>Mean</u>	<u>Median</u>	<u>Mean</u>	<u>Median</u>	<u>Mean</u>	<u>Median</u>
Gross Sales (millions)	\$25.1	\$20.5	\$11.6	\$10.2	\$15.7	\$13.5
Floors Produced	506	492	308	263	310	266
Square Feet Produced	262,116	202,180	212,463	188,588	186,220	171,000
Gross Sales/Floors Produced	\$44,917	\$53,365	\$32,766	\$27,474	\$52,618	\$53,759
Gross Sales/Square Feet	\$90.03	\$81.29	\$47.14	\$45.22	\$78.77	\$63.41

While manufacturing capacity is generally less for direct manufacturers, the gross sales per floor and gross sales per square foot are significantly higher than their wholesale counterparts.

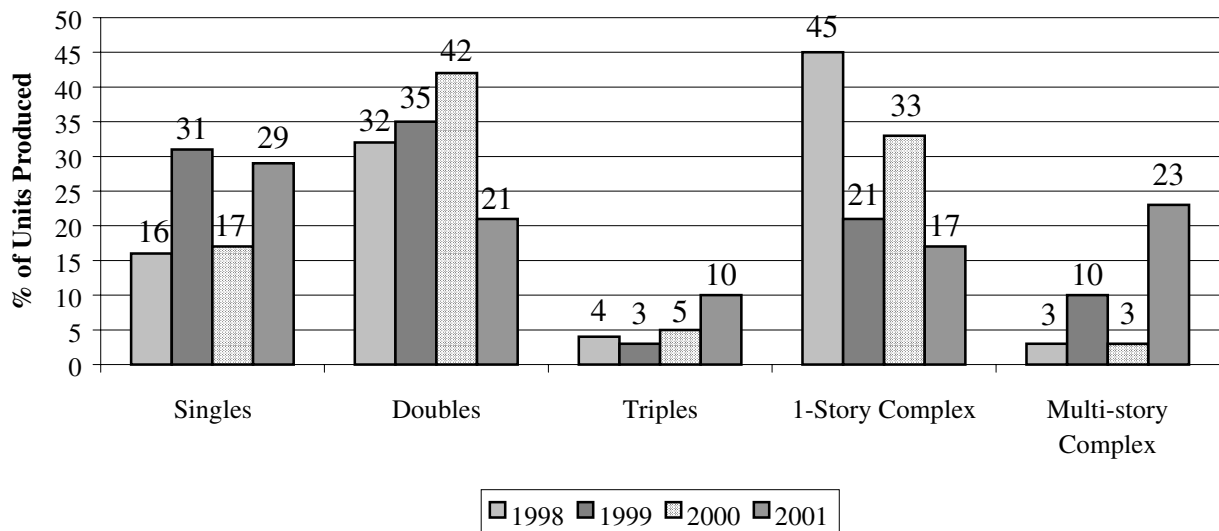
Gross sales per floor produced in 2001 by direct manufacturers ranged from a low of \$8,824 to a high of \$108,597 with a mean average of \$44,917 and a median average of \$53,364. These averages are significantly above the 2000 mean of \$32,766 and median of \$27,474 but in line with the 1999 mean of \$52,618 and median of \$53,759. Compare also to the 2001 mean of \$23,926 and median of \$17,726 for wholesale manufacturers. This indicates direct manufacturers generally do not produce stock units in bulk but tend to focus on custom projects.

The data also indicates far less dispersion meaning the direct manufacturers are closer in size to each other than are the wholesale manufacturers. Gross sales per square foot for direct manufacturers ranged from \$30.20 to \$187.50 with a mean of \$90.03 and a median of \$81.29. Last year the range was \$16.67 to \$96.77 with much lower averages: a mean of \$47.14 and a median of \$45.22.

These averages are well in excess of the 2001 wholesale manufacturers' mean of \$37.62 and median of \$30.09.

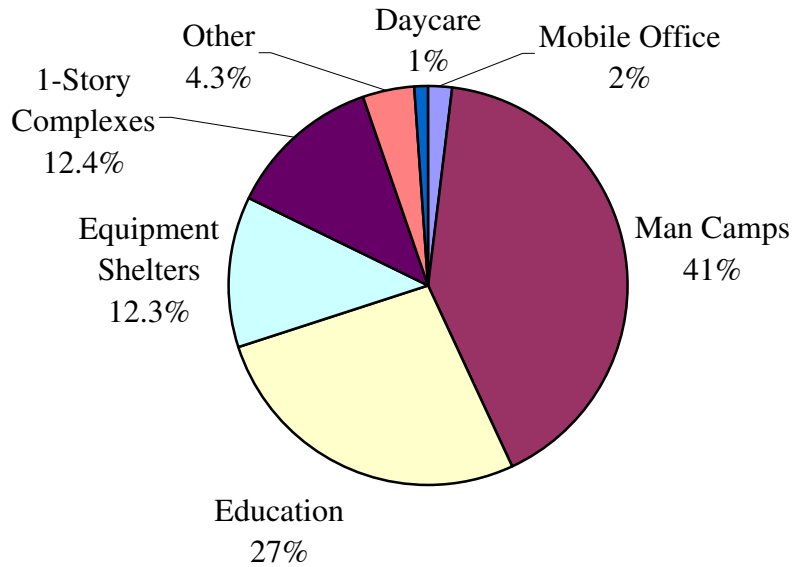
For 2001, the direct manufacturers reported producing 28.7% singles, 20.7% doubles, 10.4% triples, 17.4% single-story complexes and 22.8% multi-story buildings. Singles are up significantly from 17% in 2000 and near the 1999 level of 31%. Doubles dropped in half from 42% in 2000 to 21% in 2001. This is the first decline reported by direct manufacturers in the production of doublewides since separate data has been gathered. The production of triplewides doubled from 5% in 2000 to 10% in 2001. The production of single story complexes dropped from 33% of 2000 production to only 17% of 2001 production. The converse was true of multi-story complexes. In 2000, only 3% of manufacturer direct production was reported for multi-story buildings. In 2001, the percentage jumped from 3% to 23%.

**MANUFACTURERS-DIRECT
2001 % of Units Produced by Type**



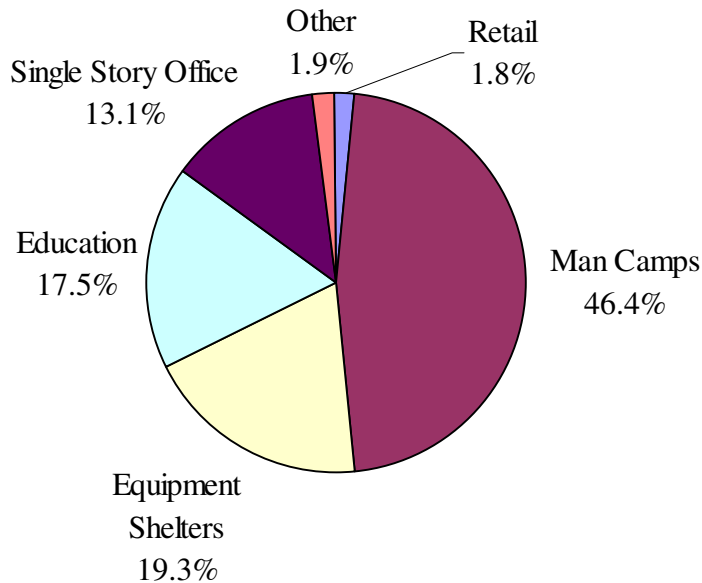
Man camps accounted for 41% of the floors produced in 2001. Classrooms were 20% of 2001 production, off significantly from 44% of total 2000 floors. Other school buildings were 7% of 2001 production. Together, classrooms and other school buildings were 27% of 2001 production, off from one-half of 2000 production. Equipment shelters constituted 12.3% of 2001 floors built while single story offices were 12.4% of 2001 production, off from 16% in the prior year.

Manufacturer-Direct Market Segments



Man Camps accounted for 46.4% of gross dealer revenues from manufacturers-direct in 2001 which correlates positively with the 41% of floors produced as set forth above. Equipment shelters constituted 19.3% of 2001 gross revenue from only 12.3% of floors produced. This suggests the cost of an equipment shelter floor is well above the average. Education, both classrooms and school buildings, were 17.5% of 2001 gross revenues yet they were 27% of the floors produced in 2001. Thus, the cost of the education floors must be below the average floor price for manufacturer-direct companies. Single story offices accounted for 13.1% of 2001 gross revenues and 12.4% of floors produced.

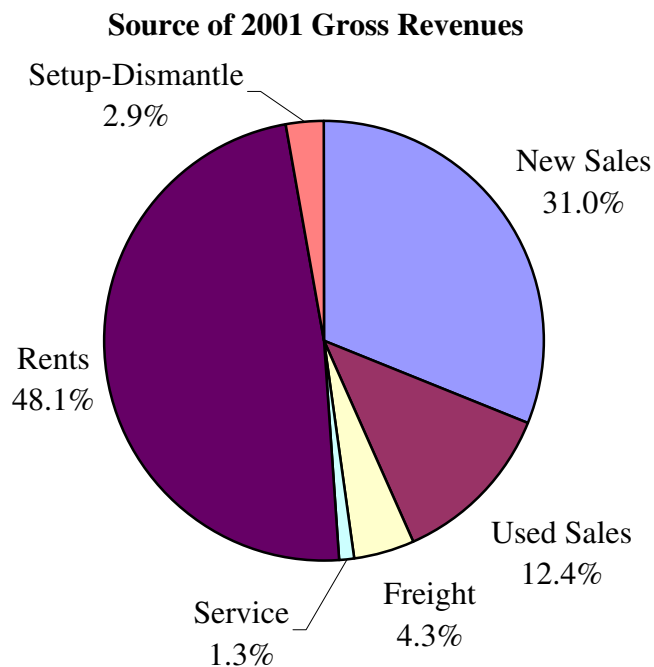
Market Segments as a Source of 2001 Gross Revenues



B. Manufacturers-Direct Dealer Data

The results presented in this section are from member and non-member Direct Manufacturers that have their own lease fleets.

Five direct manufacturers reported 2001 gross lease fleet revenue of \$32.6 million up 223% from \$10.1 million in 2000. Gross dealer revenues in 2001 had a mean average of \$6.5 million and a median average of \$670 thousand. The 2001 mean is well above the \$2.5 million in 2000, but the 2001 median of \$650 thousand is below the \$1.9 million reported in the prior year. Rental income accounted for 48% of total 2001 gross revenues, down from 82% the prior year. New sales were 31% of 2001 revenue and used sales 12.4% of 2001 revenue. Together, retail sales accounted for 43.4% of total revenue from the Dealer-retail side. Freight was 4.3% of 2001 revenue (2.3% in 2000) while set up and dismantle was 2.9% of 2001 revenue (2.7% in 2000) and service constituted 1.3% of 2001 total revenue (down from 2.7% in 2000). The bulk of the decline in 2001 rents as a portion of total revenue was shifted to aggregate new and used sales which increased from less than 10% of 2000 gross revenue to more than 43% of gross revenue in 2001.



Direct Manufacturers reported 2001 lease fleets included 1,282 floors with a mean average of 321 floors and a median average of 293 floors. Utilization was only 62.5% in the aggregate, down significantly from 88.5% in 2000. Utilization percentages by building size were as follows in 2001: Singles 68%; doubles 85.2%; triples 71%; single and multi-story complexes 21.2%; containers 69.6%; over-the-road trailers 68.6%. The reported manufacturer-direct dealer fleets consist of 600 singles, 162 floors configured into doubles, 30 floors for triples, 79 containers, 185 over-the-road trailers, 32 floors for single-story complexes, 100 floors for multi-story complexes and 93 other.

Used floors sold out of the lease fleets by integrated dealers in 2001 were an average of six years old and were sold for a mean average of 98% of original cost (median was 100% of original cost).

If average sales from the manufacturing functions are added to the average gross revenues from the dealer operations and the total is multiplied by the estimated number of direct manufacturers in the U.S. (as maintained in the MBI database), we can estimate the contribution of direct manufacturers to the industry in 2001.

Mean	\$31.6 million	x	93	=	\$2.94 billion
Median	21.2 million	x	93	=	1.97 billion

Given the large standard deviation, the 2001 median average is probably a more reliable statistic. Thus, estimated industry revenues from direct manufacturers is approximately \$1.97 billion in 2001.

Nine direct manufacturers reported employing 2,285 with a mean average of 254 and a median of 150. Total production hours in 2001 were 2.16 million with a mean of 269,444 and a median of 270,000. On time deliveries were 83% (95% median) and the slowest month of production was 24% of the highest month. The five largest customers accounted for 73% of business in 2001 at the mean (and 70% median). The biggest problems on the manufacturing side of the business were finding and retaining a skilled workforce and dealing with a slow down of demand.

V. CONCLUSIONS

A. Selected Data Recap

Set forth below is a summary of some of the information detailed in sections II, III and IV of this survey. The “Totals” reflect amounts reported by the survey respondents. The averages have been calculated from the available data.

	<u>Totals</u>	<u>Median</u>	<u>Mean</u>
---Averages---			
<u>Wholesale Manufacturers</u>			
Floors Produced in 2001	16,616	600	875
Square Feet Produced	10.0 million	336,000	526,133
2001 Gross Sales	\$303.3 million	\$12.3 million	\$16.0 million
<u>Manufacturers-Direct</u>			
Floors Produced in 2001	5,063	492	506
Square Feet Produced	2.4 million	202,180	262,116
2001 Gross Sales	\$250.7 million	\$20.5 million	\$25.1 million
<u>Dealers</u>	<u>Totals</u>	<u>Median</u>	<u>Mean</u>
2001 Gross Revenue	\$1.16 billion	\$5.1 million	\$68.3 million
2001 Lease Revenue	\$571 million	\$.7 million	\$35.7 million
2001 New Sale Revenue	\$193.1million	\$3.7 million	\$12.1 million
Lease Fleet (floors)	194,146	263	11,420
Lease Fleet Utilization	--	79.0%	--
Used Units Sold (as % of cost)	--	101%	101%
<u>Manufacturer-Direct as Dealers</u>			
2001 Gross Revenue	\$ 32.6 million	\$.7 million	\$6.5 million
Lease Fleet (floors)	1,282	293	321
Lease Fleet Utilization	--	62.5%	--
Used Units Sold (as % of cost)	--	100%	98%

B. 2001 Industry Estimates

Using the averages provided by the MBI Survey and the number of dealers, manufacturers direct and wholesale manufacturers in the MBI database, it is possible to estimate certain information about the domestic industry as a whole. The calculated information is reliable only to the extent the statistical averages are accurate and the estimates of industry participants are accurate.

Based upon **median averages**, the MBI estimates 2001 industry totals as follows:

1. New Floors Produced in 2001	132,756
2. New Square Feet Produced in 2001	67.52 million
3. 2001 Gross Sales by Wholesale Manufacturers	\$1.78 billion
4. 2001 Gross Sales by Manufacturer-Direct	\$1.90 billion
5. 2001 Dealer Gross Revenue	\$1.86 billion
6. 2001 Manufacturer-Direct Dealer Gross Revenues	\$62.3 million
7. Floors in Dealer Lease Fleets	376,000
8. Floors in Manufacturer-Direct Lease Fleets	27,249

Manufacturers produced 132,756 new buildings in 2001, up 5% from the prior year. Despite the increase in the number of units produced, total computed square feet produced declined from 74.8 million in 2000 to 67.5 million in 2001. If computed square feet are divided by the estimate of new buildings produced, the average building size in 2001 was 509 square feet, down from 590 square feet in 2000. While the decline may seem fairly large, both estimates of average building size are well within the range of a typical factory built building.

Gross sales by wholesale manufacturers in 2001 are estimated at \$1.78 billion, down from \$2.14 billion the prior year. Gross sales by direct manufacturers were computed to be \$1.9 billion, up significantly from \$1.0 billion in 2000. The estimate of direct manufacturer manufacturing revenue in 2001 is somewhat suspect given the small sample size. In addition, it has always been assumed the wholesale side of the manufacturing business is much larger than the direct manufacturer side of the business. Thus, the averages computed above for manufacturers should not be relied upon.

As discussed at the end of Section III (Dealer Results), the median average as a basis for computing the dealer contribution to the industry revenues is not valid given reported data. Assuming a 50% market share for the two largest respondents, dealer revenues in 2001 were estimated at \$1.86 billion. This computation suffers from two flaws. First, it is based on an estimate of market share for the two largest respondents. Second, the estimate double counts 2001 new sales because the figures are also included in the wholesale manufacturer estimates. In order to eliminate the duplication, \$130.1 million of new sales in 2001 must be eliminated generating a modified industry-wide dealer revenue contribution of approximately \$1.6 billion.

The same is true for the dealer revenue side of the direct manufacturer operations. If new sales are removed from the dealer calculations because they have already been counted in the manufacturing estimate, then the contribution to industry revenues from the dealer operations of direct manufacturers in 2001 is \$53.0 million based on median averages.

Eliminating manufacturer to dealer sales and using median averages (unless otherwise noted) and an estimate of the number of total industry participants, the MBI estimates 2001 revenues for the commercial mobile office and modular building industry to be \$5.33 billion. As discussed earlier, small sample sizes and large standard deviations in the reported data do not generate very reliable data. Although median averages have generally been utilized to calculate industry estimates in lieu of much higher mean averages, the total industry estimate is still an educated guess.

The number of floors in dealer lease fleets based upon the 2001 median average of 263 multiplied by 203 estimated industry participants is 53,389. This cannot be correct for dealers as two respondents reported lease fleets in excess of this calculated estimate. The largest reported fleet size was approximately 94,000. Assuming a 25% market share for this respondent, total domestic dealer lease fleets are estimated at 376,000 units.

In addition, direct manufacturers reported a median lease fleet of 293. If this average is multiplied by 93 industry participants, there are an estimated 27,249 units in direct manufacturer lease fleets. Added to the dealer lease fleets, there are an estimated 400,000 units on lease or available for lease in the U.S. at the end of 2001.

The industry database is actively maintained by the MBI. Information about non-member participants is gleaned from numerous sources and verified through communication with MBI members. The original database was compiled by reviewing all firms listed in the yellow pages under relevant headings and calling them to verify their business.

C. Residual Values

The economic value of a leased mobile office or modular building is determined by comparing the total cost of the asset with the income producing capacity over its useful life. Cost includes the initial manufactured cost plus all expenditures for items such as maintenance and taxes incurred during its useful life. Income includes lease revenue during the buildings useful life and sale value upon disposition. Residual value is understood to be the anticipated “value” of the building at the end of the lease. Dealers were asked the average sales price of units sold from their lease fleet as a percentage of original cost.

For 2001, dealers reported seven-year-old used lease fleet units sold for a mean average of 101% of original cost, and a median average of 101% of original cost. The 2001 figures are below the 2000 mean (109%) and a bit above the 2000 median (99%).

<u>Survey</u>	<u>Age⁽¹⁾</u>	<u>Mean⁽²⁾</u>	<u>Median⁽²⁾</u>
2001	6.9	101	101
2000	7.7	109	99
1999	8.0	111	115
1998	8.8	104	110
1997	7.5	102	102

⁽¹⁾ mean average of units sold, in years

⁽²⁾ as a percentage of original cost