AN E-BOOK FROM KAUFMAN & COMPANY

The Housing Shortage Won’t Close On-Site. It Closes in a Factory.

Why Kaufman Ventures backed modular and container housing early, and what Kaufman Labs builds next.

Daniel Kaufman • October 2026
thekaufmanco.com

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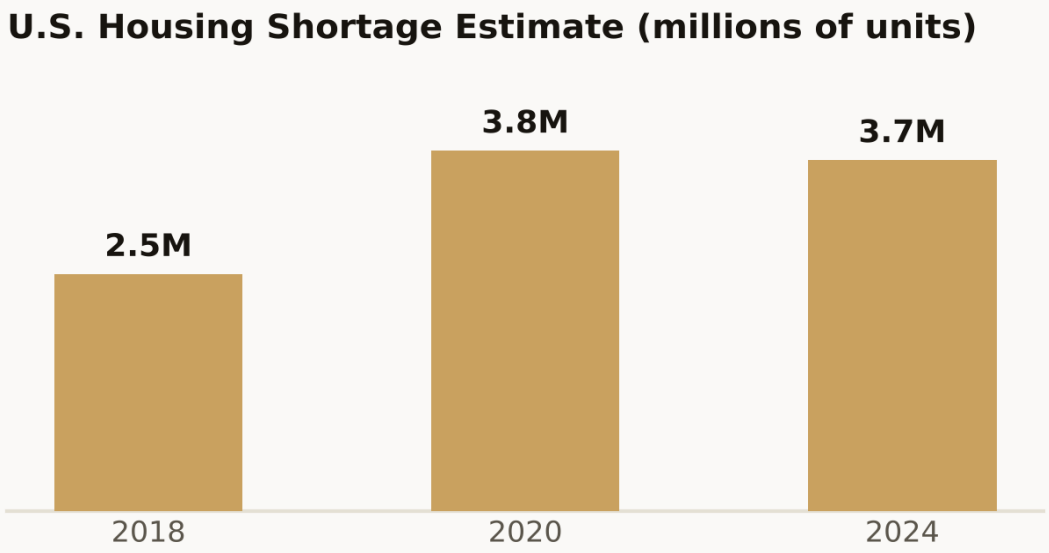
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SECTION ONE

The Shortage, By the Numbers

The United States is short somewhere between 3.7 million and 7.1 million homes, depending on whose estimate you use and which households you count. That gap has sat in roughly the same place for most of the last decade, through a doubling of mortgage rates, a persistent shortage of skilled trades labor, and more housing policy proposals than almost any other domestic issue gets.

Freddie Mac has put the national housing shortage at about 3.7 million units as of its most recent estimate, down only slightly from 3.8 million in 2020 and well above the 2.5 million it found in 2018, as reported by Fast Company and Pro Builder. The gap barely moved across six years that included a pandemic-era construction boom and a sharp rate-driven slowdown, which says something about how structural the problem is.



Freddie Mac's national housing shortage estimate, in millions of units. Source: Freddie Mac, as reported by Fast Company and Pro Builder, Dec. 2024.

The National Low Income Housing Coalition frames the problem differently and arrives at a larger number: a shortage of 7.1 million rental homes affordable and available to the lowest income renters. The two estimates are not measuring the same thing, one counts total housing units and the other counts affordability-adjusted rental supply, but they point the same direction: supply has not kept pace, and it has not kept pace for a long time.

SECTION TWO

What Modular and Container Construction Actually Are

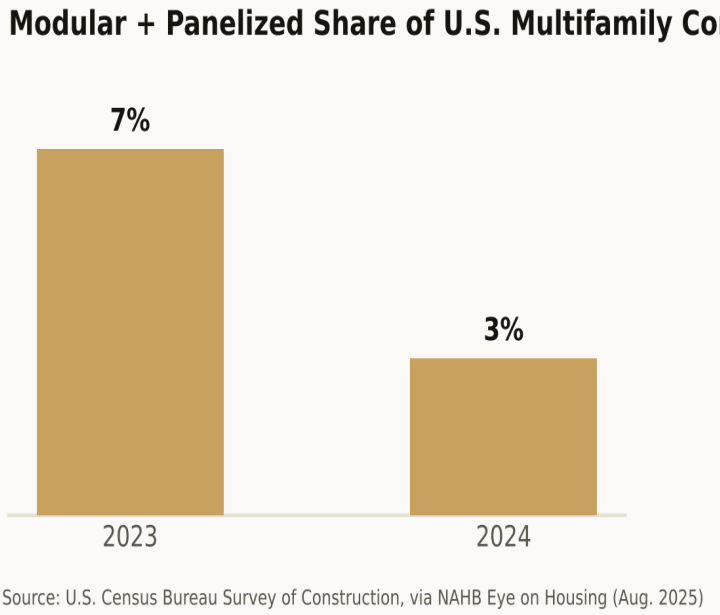
Modular construction means building a home’s major sections, walls, floors, sometimes entire finished rooms, in a factory under a roof, then trucking them to the site for final assembly. Container construction is a narrower variant that starts from steel shipping containers, cut, insulated, and fitted out as living space. Panelized construction, a third category the Census Bureau tracks separately, prefabricates flat wall and floor panels rather than full volumetric modules.

All three trade an open-air job site, exposed to weather, labor shortages, and sequencing delays, for a controlled production line, where the same crew builds the same wall assembly over and over instead of relearning a new site’s quirks every time. In theory that means faster builds, tighter quality control, and less waste. In practice, as the next section shows, the industry has not yet scaled that theory into a large share of what actually gets built.

SECTION THREE

Where Modular Stands Today

Modular and panelized construction are still a small share of what actually gets built in the United States. U.S. Census Bureau data, as compiled by the National Association of Home Builders, shows modular alone accounted for roughly 2% of multifamily buildings completed in 2024, with modular and panelized combined at about 3%, down from roughly 7% in 2023 but in line with the five-year average. For single-family homes, the combined share held steady at about 3% as well.



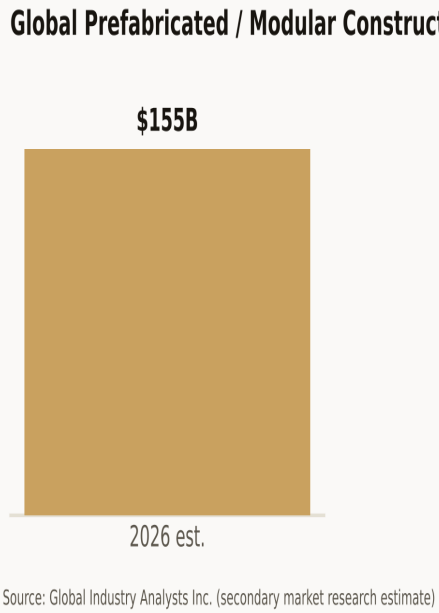
Modular and panelized combined share of U.S. multifamily building completions. Source: U.S. Census Bureau Survey of Construction, via NAHB Eye on Housing, Aug. 2025 release.

That year-over-year volatility is worth sitting with rather than smoothing over. It says the industry has not yet scaled past project-by-project adoption, dependent on a handful of large completions in any given year rather than a steady, growing base. We read that as the opportunity Kaufman Ventures is underwriting, not as a reason to dismiss the category.

SECTION FOUR

The Global Opportunity

Globally, the market research firm Global Industry Analysts estimates the prefabricated and modular construction market at roughly $153 to $157 billion in 2026, growing at a mid-single-digit compound annual rate. Figures like that deserve the usual caution around third-party market sizing; methodology and scope vary widely between research firms, and we are citing this one as a directional estimate, not as Kaufman & Company's own research.



Global prefabricated and modular construction market, 2026 estimate. Source: Global Industry Analysts Inc., secondary market research.

What we can say with more confidence is the direction, not just the size: falling module production costs, more standardized building-code pathways for off-site construction in a growing number of states, and a construction labor force that is not getting younger or larger fast enough to build the old way at the scale the shortage requires.

SECTION FIVE

Why Kaufman Ventures Invested: Mr Good Container Homes

Kaufman Ventures, the tenth of Kaufman & Company's ten operating companies, invests across six verticals, and modular and container housing is one of them. Its portfolio includes Mr Good Container Homes, a container and modular housing company founded in 2023 that has grown to more than 80 franchised locations and roughly 50 company-owned units operating across all 50 states, advised by Kaufman Real Estate & Consulting.

That investment predates this e-book. It is the reason Kaufman & Company has a real position in this space rather than an opinion about one, and it is the lens through which the rest of this document should be read: not as a forecast, but as an account of a bet that was already made, and why the data since has kept us comfortable with it.

> *"We did not invest in Mr Good Container Homes because modular was trendy," Kaufman said. "We invested because the math on building a home one stick at a time stopped working a long time ago, and nobody serious has fixed it yet."*

SECTION SIX

What Kaufman Labs Builds Next

Kaufman Labs sits downstream of that bet. Ventures invests; Labs is where the company executes once an idea has been proven. By its own description, Kaufman Labs “gives a concept room to prove itself first” before it is trusted with the Kaufman & Company name.

No specific new Labs venture in modular construction has been named publicly as of this writing, and this e-book does not claim one. What can be said plainly is that modular and container housing sit squarely inside the kind of category Labs was built to take on next, and Kaufman & Company intends to keep investing in it through Ventures and building in it through Labs as the right opportunities appear.

SECTION SEVEN

The Honest Challenges

None of this is without friction, and a thesis that only tells the favorable half of the story is not one worth trusting. Modular and container projects still have to clear the same zoning and entitlement process as any other home. Financing for off-site construction is less standardized than for conventional construction, which means fewer lenders are comfortable underwriting it and terms can be less favorable. Shipping a finished module hundreds of miles adds its own logistics and insurance questions that a stick-built home on its own lot never has to answer.

Those are real costs, not footnotes, and they are a large part of why modular’s share of total construction has moved in a narrow band for years instead of taking off in a straight line. Any serious investor in this space should expect that volatility to continue before it smooths out, if it smooths out at all.

SECTION EIGHT

Conclusion

The housing shortage will not close because one company decides to take modular construction seriously. It will close, if it closes, because enough capital and enough builders decide the factory floor is where the next decade of American housing gets built, and then prove it project by project until the data catches up with the thesis.

Kaufman Ventures made that bet through Mr Good Container Homes before it was fashionable to make it. Kaufman Labs is where the next version of it gets built.

SECTION NINE

Sources

- Freddie Mac, national housing shortage estimate, as reported by Fast Company and Pro Builder, Dec. 4, 2024.
- National Low Income Housing Coalition, "The Gap: A Shortage of Affordable Homes."
- U.S. Census Bureau, Survey of Construction, as compiled by the National Association of Home Builders, Eye on Housing, Aug. 2025 release (2024 data).
- Global Industry Analysts Inc., Prefabricated / Modular Construction market research, 2026 estimate.
- Kaufman & Company, thekaufmanco.com/ventures.

About Kaufman & Company

Kaufman & Company (thekaufmanco.com) is a permanent capital holding company founded by Daniel Kaufman and the trade name of Kaufman Family Office LLC and Kaufman Real Estate & Consulting LLC. Its 10 operating companies are Convivium Living, DanReDev, DEK Builds, Design Build Affordable, DK Homes, Forge Development Partners, Kaufman Development, Kaufman Real Estate & Consulting, LoneStar Kaufman and Kaufman Ventures, whose portfolio includes BridgeStar, Meridian, LandBriefing, SpreadSight, FoundCheck, People, ServerDomes and Mr Good Container Homes. The platform represents more than $2 billion in project value and more than 10,000 housing units across more than 25 years of building, lending and investing.

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