

Affordability Advantages Sustain; New Supply Remains Constrained

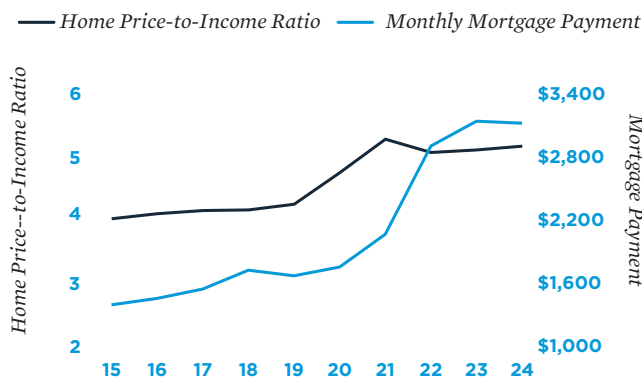
Manufactured homes demand bolstered by rising cost of living. Housing affordability remains strained in 2025. The median home-to-income ratio remains above 5 — about 20 percent higher than in 2019, driven by elevated home prices and persistently high mortgage rates. In this environment, lower-cost alternatives to traditional single-family ownership are drawing more attention, including manufactured housing. Although these homes account for only about 5 percent of the national housing stock, the segment is gradually expanding. Roughly 100,000 units were delivered in 2024, and a similar volume expected in 2025 — up about 50 percent from 2015. Even so, manufactured homes community (MHC) development has remained limited for years now. Few new communities have been added due to zoning restrictions and regulatory uncertainty. As such, placement options for these homes remain limited, keeping vacancy rates low and putting upward pressure on rents.

Steady demand contributes to tightening market conditions. The nationwide MHC vacancy rate stood at 5.2 percent entering 2025, roughly matching that of multifamily properties. In high-cost regions, demand is even stronger. The Pacific subregion reported vacancy near 1.0 percent, underscoring the appeal of MHC affordability amid elevated living expenses. The average rent nationwide has risen between 6 percent and 8 percent annually over the past three years, although some high-demand markets posted growth over 10 percent in multiple years. With few projects in the pipeline, similar growth is expected in the near term as demand remains strong and steady.

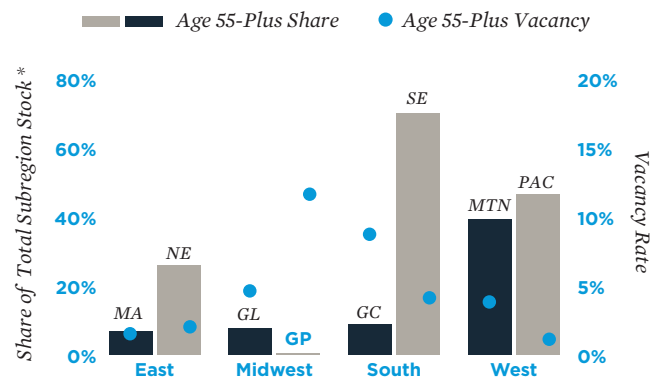
Policy attention increases at federal and state levels. In 2024, the U.S. Department of Housing and Urban Development (HUD) awarded \$225 million to improve infrastructure and affordability in MHCs. The Trump administration's deregulatory stance help unlock land for MHCs, and the restoration of 100 percent bonus depreciation under the One Big Beautiful Bill Act is driving increased investor interest. However, looming HUD budget cuts could limit federal funding supporting manufactured housing development. At the state level, Texas passed S.B. 785 in May 2025, mandating cities to allow HUD-code manufactured homes in at least one residential zone. California's CEQA reform supports infill housing, including MHCs. Similar zoning changes have passed in Maine, Maryland, Illinois, and North Carolina, reducing local barriers to community growth.

Aging demographics shape regional performance. Manufactured homes are discussed as an attainable entry point for homeownership, but limited appreciation potential still deters many younger buyers. As a result, the market remains dominated by older households, particularly retirees seeking to downsize. This shapes regional dynamics. In the West, growing 55-plus populations have helped drive down vacancy and push up rents. In the South, where manufactured housing is more broadly adopted, age-restricted communities compose over half of all MHCs — and compose nearly 67 percent in the Southeast subregion. While vacancy trends are mixed across Southeastern metros, average rent has risen sharply, as many markets recorded over 10 percent increases in 2024.

Affordability Gap at Historical Highs



Regional Gaps in Age-Restricted Housing



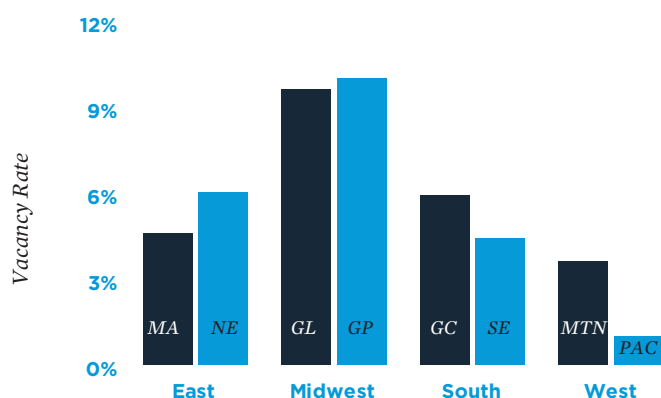
* See page 4 for regional map

Sources: Federal Reserve; CoStar Group, Inc.; U.S. Census Bureau; Department of Housing and Urban Development

Vacancy

Stable fundamentals support vacancy outlook. The stability of manufactured housing vacancy rates near 5 percent is driven by the high cost of moving a home, and the near absence of new communities development. Despite recent policy efforts, only a handful of MHCs are under development nationwide with even fewer active developers. Additionally, MHCs often face pressure from redevelopment in some urban areas, further constraining availability. In fact, about half of surveyed metros saw declines in total homesites from 2023 to 2024 — a trend reinforcing low vacancy across the country.

2024 Vacancy Rate



Regions:

East: Mid-Atlantic Northeast Midwest: Great Lakes Great Plains South: Gulf Coast Southeast West: Mountain Pacific

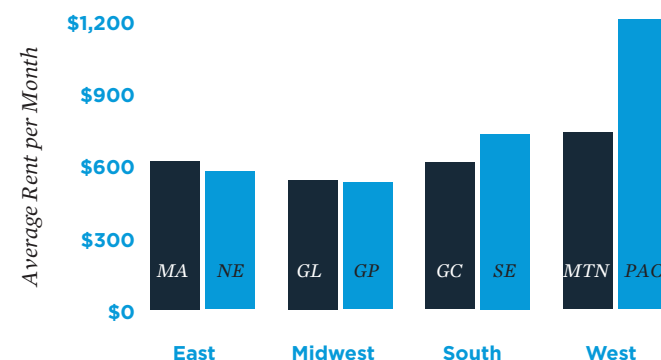
Highlights

- Vacancy rates vary significantly across subregions. The Mountain, Southeast and Mid-Atlantic areas — where population growth is more pronounced — continue to post below-average vacancy levels. In contrast, the Great Lakes and Great Plains subregions have vacancy rates near 10 percent, influenced by greater land availability, slower population growth and harsher climates.
- More than half of all metros recorded vacancy declines in 2024. Among metros with over 8,000 units of inventory, vacancy increases over 1 percent were only observed in Philadelphia and Fort Myers.
- Nearly all California metros entered 2025 with vacancy rates below 1 percent, except for Riverside-San Bernardino and Sacramento, which saw rates of 2.4 percent and 1.6 percent, respectively. Outside of California, the major metro with the lowest vacancy rate is Denver at 0.6 percent.

Rent

Favorable market dynamics and demographic trends support steady rent growth. Limited supply and consistent demand are key in inducing rent growth across the country in MHCs. The highest average rents are found in the Pacific, where demand for lower-cost housing is especially prevalent, illustrated by sub-1 percent vacancy rates. Nationally, the average rent reached \$746 entering 2025, roughly in line with the South, where strong population growth — particularly among retirees — continues to fuel demand. The conversation around rent control in MHCs has been growing nationwide, but implementation remains limited to select states, including Delaware, New York, and most recently Washington and Oregon.

2024 Average Rent



Regions:

East: Mid-Atlantic Northeast Midwest: Great Lakes Great Plains South: Gulf Coast Southeast West: Mountain Pacific

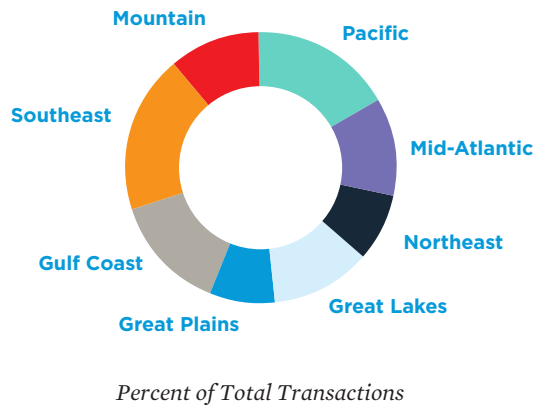
Highlights

- Among all metros with over 8,000 units of inventory, the average rent rose 7.3 percent from 2023 to 2024; the only market to see a decline was the Jersey Shore. San Jose posted the steepest increase at 22.7 percent year over year, prompting the city to clarify this June that its rent-control ordinance also applies to RV parks.
- California metros record the highest average rents in the country. Excluding those, the costliest metros with more than 8,000 units of inventory are Denver, Fort Myers, Fort Lauderdale, West Palm Beach and Chicago.
- Despite relatively higher vacancy rates in the Midwest, rent growth has held steady. Chicago, Indianapolis, Detroit and Cleveland each posted rent gains exceeding 7 percent year over year in 2024.

Investment Sales

Growing institutional interest shifts the market. Sales of manufactured housing communities have risen steadily from 2023 through mid-2025, driven by higher returns and modest price adjustments opening the market to new buyers. Elevated interest rates led many smaller private investors to reduce activity, easing competition and creating more opportunities for buyers with available capital. Larger institutional investors have stepped in, attracted by income potential and long-term growth prospects. Less competition has enabled the private buyers who stayed engaged to enter in at lower costs and secure properties with stronger income potential. Yet competition may increase again as interest rates stabilize.

2024 Transactions by Subregion



Highlights

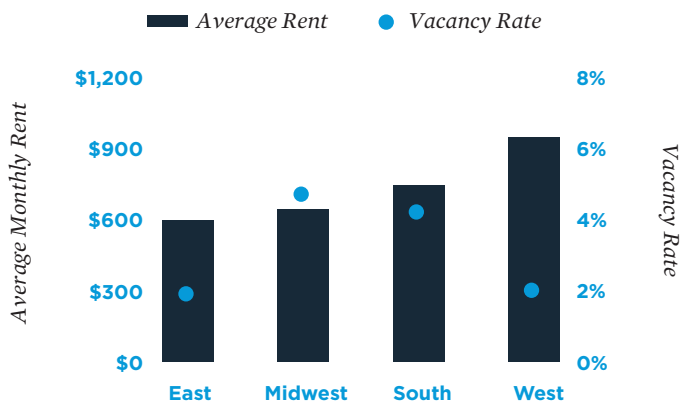
- The nationwide average cap rate has risen since early 2022, stabilizing around 8 percent from 2024 through the first half of 2025. This increase is partly due to higher borrowing costs, which also contributed to a slight decline in average price per unit in the Midwest and South from 2023 to 2024.
- Private investors continue to dominate, accounting for about 80 percent of total dollar sales volume, while institutional buyers have grown substantially. Now, the latter represent roughly 20 percent of total sales in the 12 months ended June 2025 — up from around 10 percent in the previous yearlong period.
- The Gulf Coast and Pacific subregions saw the largest sales increase, with over 25 percent growth from 2023 to 2024, while transaction velocity in other regions remained steady during that time period.

Sources: Marcus & Millichap Research Services; CoStar Group, Inc.

Age-Restricted Communities

Existing supply varies more widely across regions. As a growing share of the population reaches retirement age, demand for 55-plus communities continues to rise. The national vacancy rate for age-restricted communities sat at 3.2 percent entering 2025 — 310 basis points below that of all-age communities. The Southeast — which holds the largest inventory of 55-plus units — benefits from strong population growth, particularly among older cohorts, supporting sustained demand. Nevertheless, rising climate-related risks may increasingly influence underwriting. In contrast, the Northeast, despite having one of the oldest populations, offers a very limited inventory of age-restricted communities, highlighting an unmet need.

2024 Age-Restricted Vacancy and Rent



Highlights

- The South holds roughly half of the nation's 55-plus unit inventory, and the West accounts for about 40 percent. This leaves the East and Midwest combined with around 10 percent of the total inventory. Vacancies in the Northeast and Mid-Atlantic subregions stand at 2.0 percent and 1.5 percent, respectively — rates that are only higher than the Pacific region's level of 1.1 percent.
- Chicago is the only metro that saw notable inventory growth of those with over 3,000 units and age 55-plus. Rent growth stays steady; most metros posted annual gains of 6 percent to 10 percent.
- The West is the only region where age-restricted rents average less than all-age communities — a trend mainly driven by less central locations and retiree price sensitivity.

Sources: Marcus & Millichap Research Services; CoStar Group, Inc.; Datacomp-JLT

Manufactured Housing Communities: Regions and Subregions

East

- Mid-Atlantic
- Northeast

Midwest

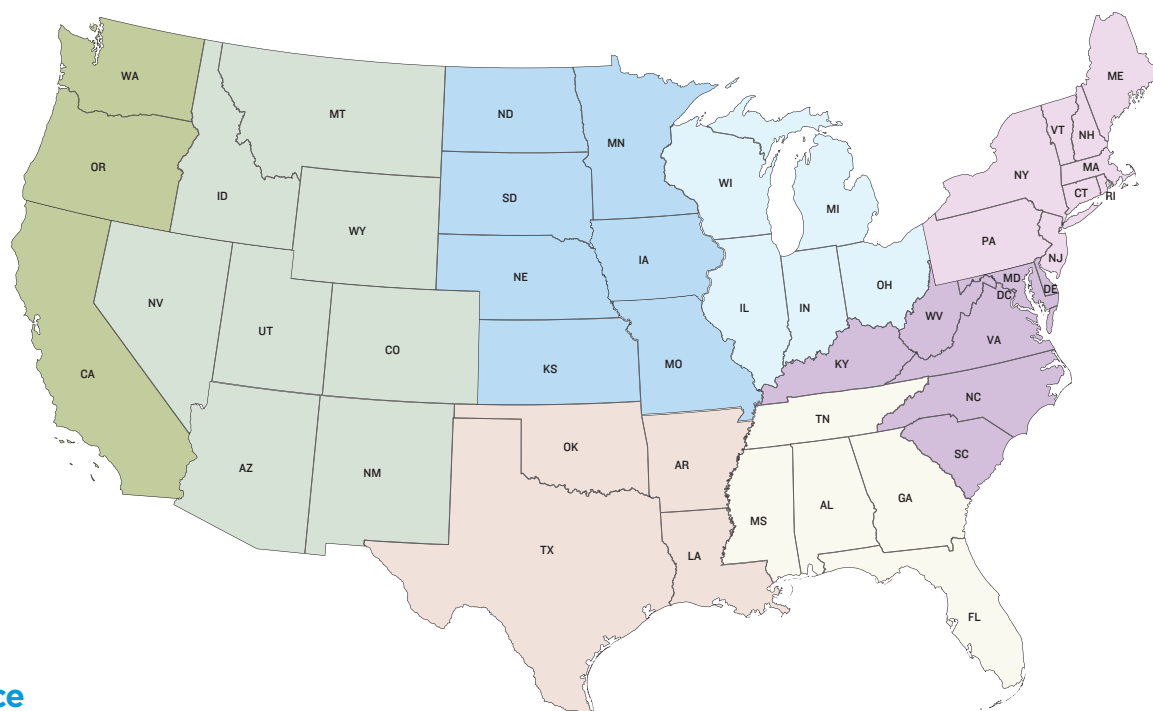
- Great Lakes
- Great Plains

South

- Southeast
- Gulf Coast

West

- Mountain
- Pacific



Metro Performance

Metro	2024 Vacancy	Y-O-Y Basis Point Change	2024 Average Lot Rent	Y-O-Y Change
San Jose	0.30%	10	\$1,564	22.70%
Denver	0.60%	0	\$1,016	8.30%
San Diego	0.70%	0	\$1,266	6.70%
Seattle	0.90%	30	\$1,009	7.60%
Baltimore	1.30%	0	\$882	7.30%
Riverside-San Bernardino	2.40%	-20	\$901	8.40%
Tampa-St. Petersburg	2.50%	-40	\$712	10.60%
Houston	2.80%	40	\$617	9.40%
Phoenix	3.30%	0	\$711	0.00%
Chicago	3.40%	-30	\$857	8.80%
Minneapolis-St. Paul	3.40%	40	\$585	5.80%
Austin	3.70%	-40	\$767	8.20%
Orlando	3.70%	-40	\$698	7.10%
Jersey Shore	3.80%	-60	\$610	-11.80%
Philadelphia	5.20%	150	\$656	5.10%
Indianapolis	8.20%	-180	\$459	8.30%
Fort Myers	8.50%	130	\$976	8.70%
Sussex	9.00%	-70	\$742	6.00%
Detroit	9.50%	-30	\$597	7.40%
St. Louis	9.60%	-20	\$489	7.00%

Manufactured Housing Communities

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Sources: IPA Research Services; Bureau of Labor Statistics; Datacomp-JLT; CoStar Group, Inc.; Institute for Building Technology and Safety; Manufactured Housing Institute; U.S. Census Bureau; White House; U.S. Department of Housing and Urban Development; Federal Housing Administration