Northmarq

INVENTORY GROWTH

UNIT SHIPPED YTD	53,800
CHANGE FROM 2024	5.0%

MARKET FUNDAMENTALS

OCCUPANCY RATE	94.9%
CHANGE FROM Q2 2024	+10bps
AVERAGE RENTS	$752
CHANGE FROM Q2 2024	+7.0%

TRANSACTION ACTIVITY (YTD)

MEDIAN SALE PRICE PER SPACE	$45,500
AVERAGE CAP RATE	5.9%

MANUFACTURED HOUSING
2Q 2025

MARKET INSIGHTS

Investment activity surges during the first half

HIGHLIGHTS

- The manufactured housing sector recorded excellent operational performance during the second quarter. Occupancy remains elevated, and rents continue to advance. Heightened demand is fueling elevated shipment volumes. During the first half, shipments totaled 53,800 units across the U.S., exceeding levels recorded in the same period of 2024 by 5%.
- Occupancy conditions remain heightened, with the national occupancy rate steady at 94.9% during the second quarter. Year over year, the rate is up 10 basis points.
- Rent growth accelerated from the first quarter to the second quarter, tracking seasonal trends. Asking rents for manufactured housing communities improved by 2.5% during the second quarter to $752 per month. During the past year, rents trended higher by 7.0%.
- Investment activity has been solid during the past year after sales had been limited in 2023 and the first half of 2024. Total sales during the first half of 2025 outpaced levels recorded in the same period of last year by 66%. While activity has been stronger, pricing declined. The median sale price since the start of 2025 is $45,500 per space, down 11% from 2024.

MANUFACTURED HOUSING MARKET OVERVIEW

The manufactured housing sector performed well during the second quarter, with occupancy holding at peak levels and asking rents continuing to rise. Demand for manufactured housing remains strong alongside elevated new supply shipments. Approximately 54,000 units were shipped across the country during the first six months of the year, marking the second highest first-half total of the past decade, surpassed only by levels recorded in 2022. Despite continued supply growth, occupancy conditions have remained stable since approaching 95.0% in early 2024. The current rate of 94.9% is up 10 basis points annually. This tight occupancy has allowed operators to raise rents in recent periods. Asking rents trended higher by 7.0% during the past year to $752 per month. Rent growth has been steepest in the Southwest and West regions. Year over year, manufactured housing rents in the Southwest advanced by 7.9% while rents in the West rose 7.5%.

Momentum in the manufactured housing investment market has been building since the second half of last year, with activity trending closer to traditional levels. Total sales during the past year outpaced the subdued levels recorded in the preceding 12 months by 51%. Additionally, sales velocity during the first half exceeded levels recorded in the same period of 2024 by 66%. Year to date, cap rates are averaging 5.9%, down from an average of 6.3% in the closing three months of 2024. While sales activity remains concentrated in the historically key markets of California, Florida, and Texas, velocity has picked up in Michigan. Michigan has accounted for 7% of all sales to this point in the year, putting the state in the top five for activity. Prior to the downturn in recent years, Michigan consistently ranked in the top five states for total sales from 2016 to 2021.

EMPLOYMENT

- Job additions slowed in the U.S. from the first quarter to the second quarter. Total employment increased by 164,000 workers during the past three months, down from the 333,000 jobs that were added in the first quarter. During the second quarter of last year, employers hired roughly 400,000 employees.

- Employment growth continues to taper off. During the past 12 months, employers in the U.S. increased payrolls by roughly 1.5 million positions, with total employment rising by 1.0%. In the trailing decade, annual employment growth averaged 1.3%.

- The education and health services sector has led the nation for new hiring during the past year. Total employment in this sector expanded by 3.3%, adding 865,000 workers. While recent gains have been strong, the education and health services sector had posted a 4.6% year-over-year increase at this time last year.

- Employment growth in the leisure and hospitality industry rebounded in recent months after a weak start to the year. Employers in this sector increased payrolls by 40,000 positions during the second quarter. In the preceding three months, this industry lost 3,000 jobs. Year over year, the leisure and hospitality industry added 233,000 workers.

- Job additions have slowed in the construction sector during the past year, but growth remains above the national employment growth trend. Total employment in this sector rose by 100,000 workers, an increase of 1.2%. Prior to the volatility recorded in recent years, the construction sector expanded by an average of 3.5% per year from 2011 to 2019.

- Hiring dipped in the trade, transportation, and utilities sector during the second quarter following rapid additions in the preceding six months. Still, this sector has increased by 149,000 positions during the past 12 months, an increase of 0.5%.

- During the past year, Texas has led the country in hiring, followed by Florida. Year over year, total employment in Texas expanded by 1.4% with the addition of 194,200 workers. In Florida, employers have added 141,400 jobs during the past 12 months, increasing payrolls by 1.4%.

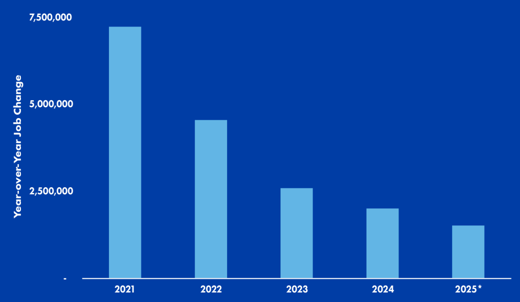
- After shedding jobs early in the year, employment growth in California rebounded at a modest rate. More than 25,000 workers were added during the second quarter, and total employment in California has increased by nearly 100,000 workers during the past 12 months.

- Pennsylvania and North Carolina have posted some of the steepest employment growth in the country. Employment totals in each state have risen by 1.5% annually; during this time frame, Pennsylvania added 94,500 workers while North Carolina added 77,100 workers.

- In the Midwest, Ohio and Michigan expanded payrolls by a combined 102,100 positions during the past year. Gains were more modest in Illinois and Wisconsin. Year over year, these states added roughly 28,000 and 21,200 employees, respectively.

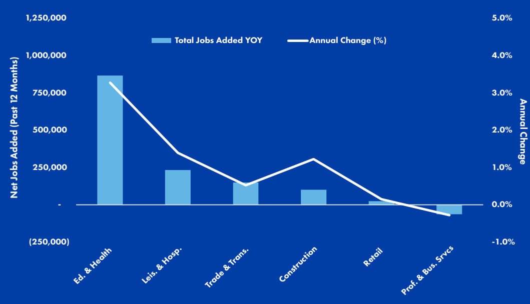
- Employment gains have been consistent in New York in recent quarters. During the past 12 months, employers in New York expanded payrolls by 1.0%, adding more than 96,000 workers.

U.S. EMPLOYMENT TRENDS



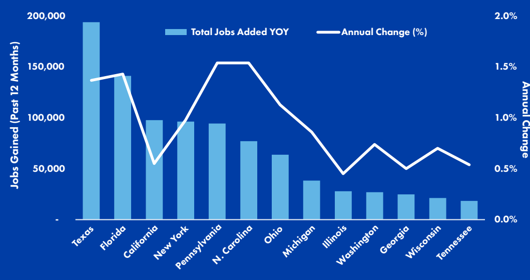
* 12-Month Period Ending 2Q 2025
Sources: Northmarq, Bureau of Labor Statistics

SECTOR EMPLOYMENT TRENDS



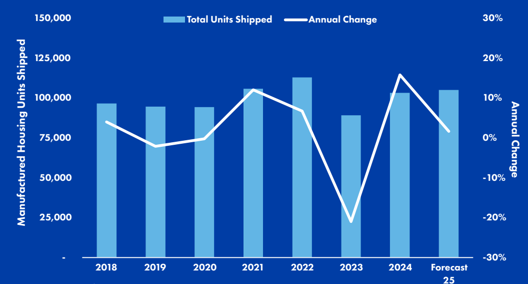
Sources: Northmarq, Bureau of Labor Statistics

EMPLOYMENT TRENDS BY STATE



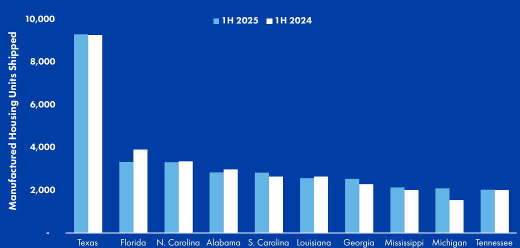
Sources: Northmarq, Bureau of Labor Statistics

U.S. MANUFACTURED HOUSING SHIPMENTS



Sources: Northmarq, U.S. Census Bureau

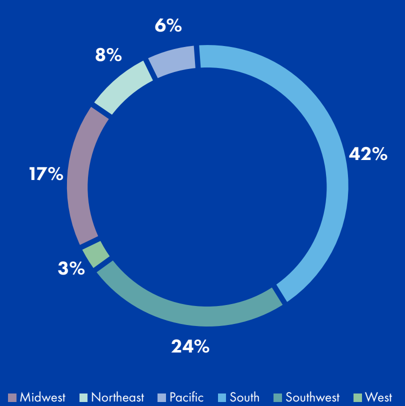
U.S. MANUFACTURED HOUSING SHIPMENTS BY STATE



Sources: Northmarq, U.S.Census

U.S. MANUFACTURED HOUSING SHIPMENTS BY REGION

Sources: Northmarq, U.S. Census



SUPPLY GROWTH

- The pace of manufactured housing shipments has continued to accelerate in recent months. During the second quarter, 27,600 units were shipped nationally, an increase of 5% from the preceding three months.

- Year to date, shipments for 53,800 units have been recorded, outpacing levels recorded in the same period of last year by 5%. From 2017 to 2024, first half shipment volume averaged 48,800 units.

- Texas remains the clear leader for shipment volume. During the first half of the year, approximately 9,300 units were sent to Texas, outpacing the combined totals from the next closest states of Florida and North Carolina by 40%. Compared to the same period of last year, shipment volume to Texas is even.

- The pace of multifamily shipments to Florida has slowed to this point in the year, though the state has still recorded the second-highest volume in the country. Shipments for roughly 3,300 units were sent to Florida during the first half, down 15% from the same period of 2024.

- The South and Southwest continue to account for the majority of inventory growth. Year to date, the South has accounted for more than 40% of the nation's shipment volume, as approximately 22,500 units were sent to the region during the first half. The Southwest recorded shipments for more than 12,700 units during the same time frame.

- The overall shipment uptick nationwide is being driven by a steep increase in the Midwest. During the first six months of 2025, shipments of more than 9,200 units have been recorded in this region, an increase of 17% from the same period of 2024.

- The increase in volume to the Midwest was driven by strong supply growth in Michigan. Michigan was the ninth leading state for shipments during the first half, receiving roughly 2,100 units, an increase of 36% from the same period of 2024.

- Shipments to the West region have spiked in recent periods. During the first half, this region received more than 1,500 units, up 27% from levels recorded in the first six months of last year. Colorado has led the region in volume. Year to date, shipments of more than 500 units have been sent to the state.

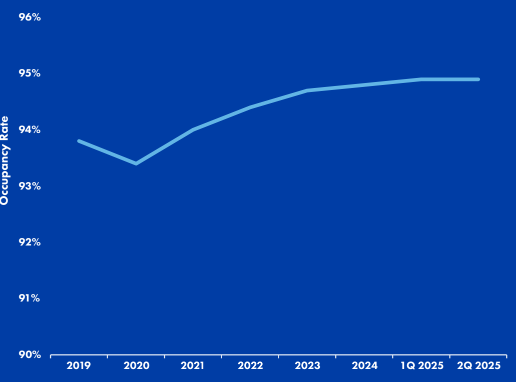
- North Carolina was the third ranked state for shipments. During the first six months of 2025, more than 3,300 units were shipped to North Carolina, tracking levels posted in the same period of last year. Alabama and South Carolina each recorded shipments of roughly 2,800 units during the same time frame, while both Louisiana and Georgia received approximately 2,500 units.

OCCUPANCY

- Occupancy conditions held steady in recent months after inching higher to begin the year. The occupancy rate closed the second quarter at 94.9%, up 10 basis points annually. Since recording a brief decrease two years ago, the rate has either improved or held steady in sequential quarters.
- The occupancy rate in the South has held at 95.7% for seven consecutive quarters. Occupancy in Florida has remained at 96.0% during the past 12 months, while conditions in South Carolina improved during the second quarter. The rate in South Carolina trended higher by 40 basis points during the second quarter to 97.5%.
- The West region posted the steepest occupancy increase during the past year, as the rate in the West is currently 96.7%, up 50 basis points annually. Occupancy is elevated in Colorado. Year over year, occupancy in Colorado rose 40 basis points to 98.3%.
- Occupancy declined in the Southwest during the past 12 months, while conditions in every other region either improved or remained steady. The occupancy rate in this region closed the second quarter at 95.6%, down 20 basis points from the peak levels recorded one year ago. Occupancy in Texas is even year over year, but the rate in Arizona is down 40 basis points annually.
- Michigan and Ohio both posted occupancy improvements during the past 12 months, bolstering the Midwest region as a whole. The rate in Michigan rose by 30 basis points to 89.3% during the past year, while Ohio spiked by 100 basis points during the same period. Year over year, occupancy in the Midwest increased by 30 basis points to 90.4%.
- Occupancy conditions in the Northeast remain strong, with the overall rate in the region ticking up by 10 basis points during the past year to 94.8%.
- Occupancy continues to be tightest in the Pacific region. Year over year, the rate inched higher by 10 basis points to 99.0%. Occupancy in California has remained at 99.0% for almost two years.

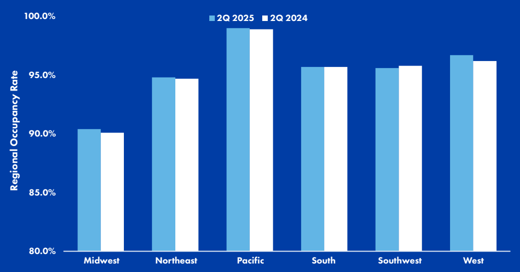
The occupancy rate closed the second quarter at 94.9%.

OCCUPANCY OVERVIEW



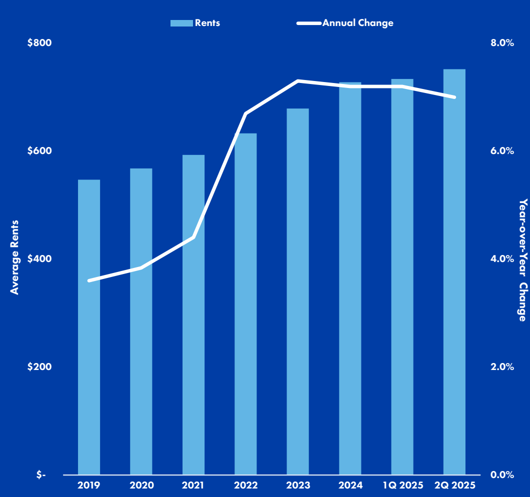
Sources: Northmarq, JLT Datacomp

MANUFACTURED HOUSING OCCUPANCY BY REGION



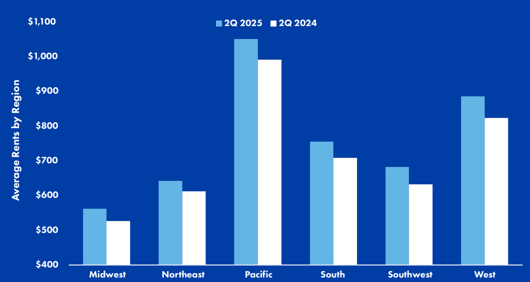
Sources: Northmarq, JLT Datacomp

RENTS OVERVIEW



Sources: Northmarq, JLT Datacomp

MANUFACTURED HOUSING RENTS BY REGION



Sources: Northmarq, JLT Datacomp

RENTS

- Seasonal trends prevailed in recent months as rent growth for manufactured housing spiked from the first quarter to the second quarter. Rents trended higher by 2.5% during the second quarter to $752 per month. During the past 12 months, rents advanced by 7.0%.
- Rent growth was steepest in the Southwest in recent periods. Rents in this region rose by 7.9% during the past year to $682 per month. Gains were heightened in Arizona, as rents climbed by 9.8% year over year. Increases were more modest in Texas, but still above national trends. Rents in Texas finished the second quarter at $668 per month, up 7.2% annually.
- The West posted the second greatest rent increase during the past year while also recording the second most expensive asking rents. Year over year, rents in the West advanced by 7.5% to $885 per month. The recent gains were heavily driven by Colorado, as rents in this state are up 12.1% from one year ago at $988 per month.
- In the South, manufactured housing rents closed the midpoint of 2025 at $755 per month, an increase of 6.6% from one year ago. South Carolina and Georgia posted rapid growth during the past year, with rents rising by 13.3% and 12.1%, respectively. Gains in Florida were strong but tempered. Year over year, rents in Florida increased by 6.8% to $790 per month.
- Manufactured housing rents in the Midwest trended higher by 6.8% during the past 12 months to $562 per month. In the past year, rents in Ohio have spiked, rising 11.4% to $510 per month. In Michigan, manufactured housing rents advanced 6.5% year over year to $575 per month.
- Rents in the Pacific closed the second quarter at $1,050 per month, up 6% from one year ago. Year over year, rents in California rose by 5.3% reaching $1,085 per month.

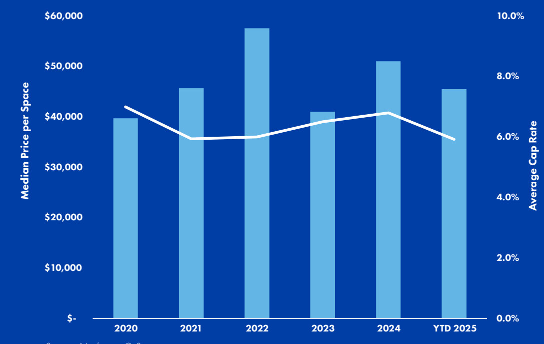
Rents trended higher by 2.5% during the second quarter.

MANUFACTURED HOUSING SALES

- Total sales to this point in the year have increased from the light levels recorded in the same periods of the preceding two years. Sales activity during the first half of 2025 outpaced levels recorded in the first six months of 2024 by 66%. Despite the spike from recent lows, the pace of sales for manufactured housing properties remains below trend.
- Year to date, cap rates are averaging 5.9%, down roughly 40 basis points from levels recorded in the fourth quarter of last year. In most cases, rates have ranged from 4.5% to 7% to this point in 2025, but a few deals have recorded cap rates between 8.5% and 11%.
- Pricing has dipped in recent periods after the median price topped $50,000 per space in 2024. Year to date, the median sale price is $45,500 per space, down 11% from levels recorded last year and closely tracking 2021's figure.
- California has led the country in sales activity thus far in 2025, accounting for 12% of sales. The majority of transactions in California have occurred in the Inland Empire, with a few properties also changing hands near Oceanside and Carlsbad. Cap rates in California have averaged 5.5% since the start of the year, up from roughly 5.0% in the second half of 2024.
- Sales velocity in Florida trailed closely behind California, with Florida accounting for 11% of transactions year to date. Pricing in Florida has spiked in recent periods. To this point in 2025, the median price is $63,500 per space, up 31% from last year. A handful of communities have posted prices of more than $100,000 per space in 2025, which did not happen in 2024.
- Manufactured housing communities continue to change hands in Texas, as this state has made up 7% of sales year to date, consistent with levels recorded last year. In nearly every year since 2018, Texas has accounted for between 7% and 9% of transactions.
- In Michigan, the pace of sales has been strong and steady to this point in the year. Year to date, Michigan accounts for 7% of nationwide transactions, and total sales through 2025 have already matched the full-year levels posted in 2024.
- In the handful of communities that traded in Colorado, pricing has been heightened. The median price in Colorado is $196,200 per space to this point in the year, up 28% from levels recorded last year. In California, the median price is $105,900 per space year to date, up 6% from 2024.
- Sales activity in South Carolina has picked up in 2025, with total sales so far outpacing all of 2024 by 40%. While activity is up, pricing has declined. The median price in South Carolina has been $15,900 per space since the beginning of 2025. Last year, the median price topped $97,600 per space.

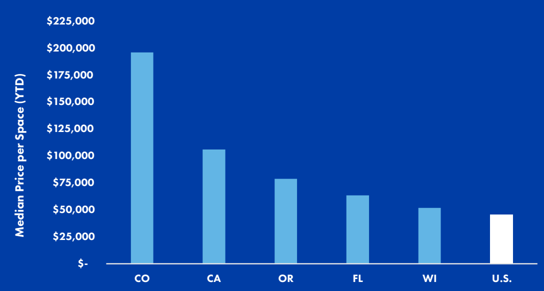
Year to date, the median sale price is $45,500 per space.

U.S. MANUFACTURED HOUSING SALES & CAP RATES



Sources: Northmarq, CoStar

MANUFACTURED HOUSING SALES PRICES BY STATE



Sources: Northmarq, CoStar

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