

## INVENTORY GROWTH



UNIT SHIPPED YTD

51,200

CHANGE FROM 2023

16%

## MARKET FUNDAMENTALS



OCCUPANCY RATE

94.8%

CHANGE FROM Q1 2023

+40bps

AVERAGE RENTS

\$703

CHANGE FROM Q1 2023

+7.7%

## TRANSACTION ACTIVITY (YTD)



MEDIAN SALE PRICE PER SPACE

\$45,100

CHANGE FROM Q1 2023

7.5%

## MANUFACTURED HOUSING 2Q 2024

## MARKET INSIGHTS

# Occupancies hold steady, rents surge

## HIGHLIGHTS

- The national manufactured housing market recorded another period of healthy performance during the second quarter. Occupancy rates remained elevated, and rents recorded an accelerating pace of growth. Investment activity closely tracked trends recorded earlier in the year.
- Occupancy rates have been trending higher in recent periods but held steady from the first quarter to the second quarter. At 94.8 percent, national occupancies are up 40 basis points year over year.
- With occupancy consistently elevated, rents are on the rise. Rents spiked by 2.6 percent in the second quarter and have now reached \$703 per month. During the past 12 months, rents for manufactured housing have surged 7.7 percent higher on average.
- While property fundamentals are quite strong, investment activity has been limited. Transaction counts in the first half of 2024 were down 37 percent from levels during the same period in 2023. Year to date, the median price has reached \$45,100 per space, while cap rates have averaged approximately 7.5 percent.

## MANUFACTURED HOUSING MARKET OVERVIEW

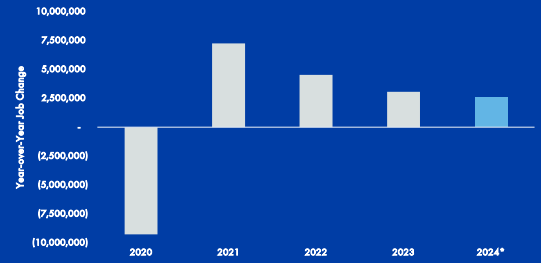
The national manufactured housing market is being fueled by an extended period of elevated and rising occupancies. The occupancy rate rose 40 basis points during the past year, finishing the second quarter at 94.8 percent. This is a continuation of a decade-long pattern of improving conditions across the sector. Occupancy finished 2014 at 86.5 percent, and the rate has risen by an average of 90 basis points per year in the decade that followed. These tight occupancy conditions have led to rapid rent growth in recent years. Annual rent growth first topped 5 percent two years ago, and gains have accelerated from that point. Asking rents advanced 7.7 percent during the past year, marking the steepest annual rent increase recorded in the sector.

The higher interest rate environment has dragged on manufactured housing sales velocity to this point in 2024, despite strong operational performance. In the transactions that have occurred to this point in the year, two distinct trends have emerged. The first is that cap rates have pushed higher in response to elevated borrowing costs. The second trend is per-space pricing has trended higher. This is due in large part to the sector's rapid rent increases and strong occupancy conditions, as well as many of the properties that have traded being concentrated in high-cost states. Florida and California have been among the top states in the country for transaction volume during the first half, and both states also recorded an upswing in pricing in recent quarters. The median price to this point in the year in California is \$78,300 per space, up 50 percent from last year. Florida is recording a median price of \$49,100 per space, up 16 percent from 2023.

## EMPLOYMENT

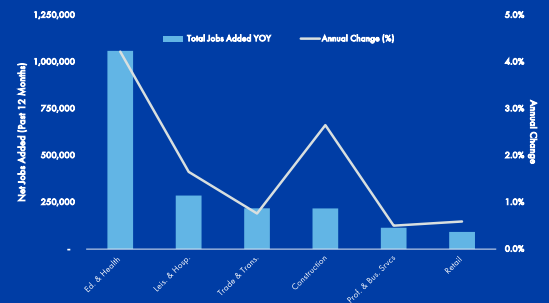
- While employers continued adding new workers across the country in recent months, job additions during the second quarter slowed compared to levels recorded in the previous quarter. Total employment rose by 503,000 positions in the last three months, after more than 800,000 new hires were recorded in the opening three months of 2024.
- National employment expanded by nearly 2.6 million workers during the past year, an increase of 1.7 percent. The pace of employment growth has been cooling steadily during the past few years following a steep recovery in 2021.
- The education and health services sector continues to lead the way in net job creation. Year over year, the sector has added more than 1 million new workers, an expansion of 4.2 percent.
- Construction employment gained ground, growing by 217,000 workers during the past year. Additionally, the trade, transportation, and utilities sector recorded similar growth, as 218,000 positions were added in the past 12 months.
- Employment growth in the professional and business services sector reflects the slowing conditions in the labor market as a whole. Total professional employment is up just 0.5 percent in the past year, a gain of 114,000 workers.
- Texas, California, and Florida continue to lead the country in new hires. During the past 12 months, Texas employers have added 267,400 workers, while total employment in California and Florida have expanded by 223,600 employees and 196,900 positions, respectively.
- The labor market in Pennsylvania posted gains similar to the national average. Year over year, employment in this state has risen by 98,100 workers, an increase of 1.6 percent.
- Employment gains in Arizona have been strong during the past year, while neighboring Nevada is posting some of the fastest increases in the country. During the past year, Arizona employers hired 60,400 workers, expanding the labor market by 1.9 percent. In Nevada, total employment spiked by 3.1 percent during the past 12 months, with the addition of 47,100 new jobs.
- In the South region, North Carolina and Georgia are posting steady employment growth. Year over year, total employment in North Carolina increased by 79,600 positions. Employers in Georgia added 64,200 workers in the past 12 months, an increase of 1.3 percent.

### U.S. EMPLOYMENT TRENDS



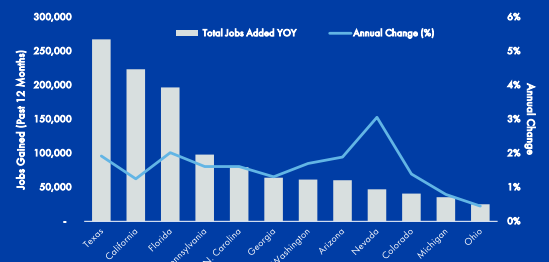
\* 12-Month Period Ending 2Q 2024  
Sources: Northmarq, Bureau of Labor Statistics

### SECTOR EMPLOYMENT TRENDS



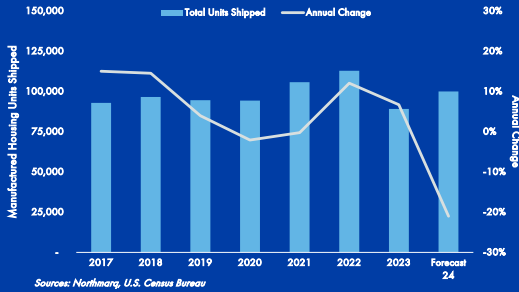
Sources: Northmarq, Bureau of Labor Statistics

### EMPLOYMENT TRENDS BY STATE

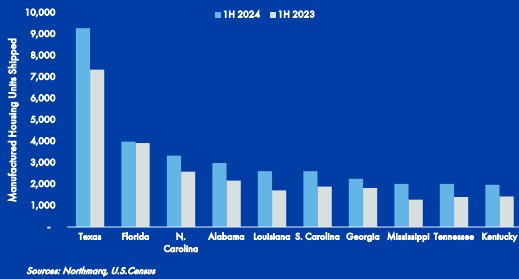


Sources: Northmarq, Bureau of Labor Statistics

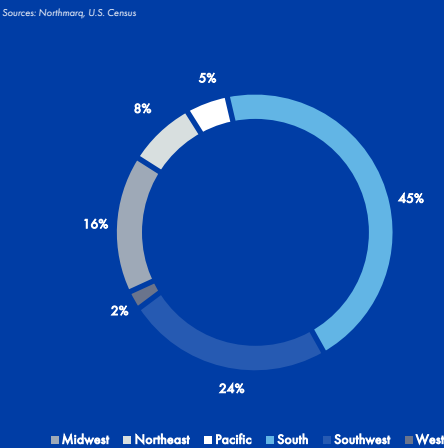
### U.S. MANUFACTURED HOUSING SHIPMENTS



### U.S. MANUFACTURED HOUSING SHIPMENTS BY STATE



### U.S. MANUFACTURED HOUSING SHIPMENTS BY REGION



## SUPPLY GROWTH

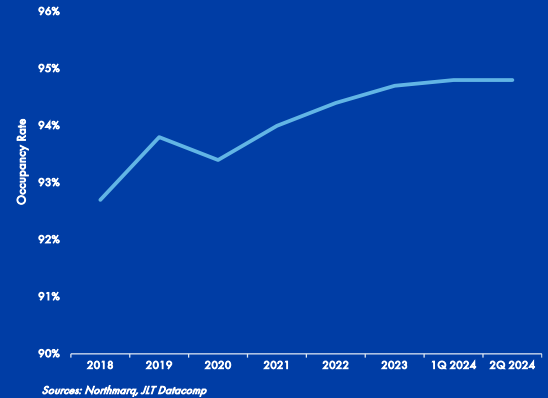
- The pace of manufactured housing shipments accelerated in recent months. Nearly 27,000 units were shipped during the second quarter, up 11 percent from the preceding period.
- After a lull in 2023, shipments have rebounded to this point in 2024. Shipments during the first half of 2024 totaled 51,200 units, up 16 percent year over year. Shipment totals during the past six months are closer to recent norms, in the trailing five years, developers shipped an average of 50,500 units during the first half.
- The recent rise in shipments is due in large part to elevated gains in the South and Southwest regions, which combined to account for nearly 70 percent of the national first-half shipments. Nearly 22,800 units were shipped to the South in the last six months, up 30 percent from the same period last year. Roughly 12,500 units were shipped to the Southwest during the first half.
- Texas continues to lead the country for manufactured housing shipments, as nearly 9,300 units were shipped during the first half of 2024, up 26 percent from levels recorded in the same period of 2023.
- Florida ranked second for shipments. Roughly 4,000 units were shipped to Florida in the last six months, 2 percent from levels posted in the first half of 2023.
- Southern states Louisiana and Mississippi recorded some of the steepest supply growth in the country during the first half. Shipment totals in both states through the first half of 2024 are up more than 50 percent from levels recorded during the same period in 2023. Louisiana has received shipments for 2,600 units to this point in 2024, while Mississippi has added 2,000 units.
- While Oklahoma is not one of the country’s top states for shipment volume, supply growth in this area has been strong in recent periods. Shipments in Oklahoma during the first half totaled nearly 1,300 units, up 25 percent year over year.
- Shipments to states in the Midwest have been steady, with totals thus far in 2024 closely tracking levels recorded in the first half of last year. More than 7,900 units were shipped to the Midwest region during the first half, up just 2 percent from levels recorded in the same period of last year.

## OCCUPANCY

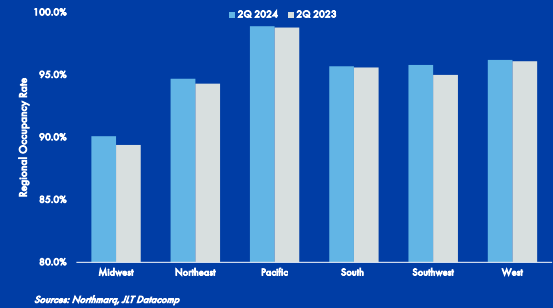
- The national occupancy rate held steady in recent months after rising in the preceding three quarters. National occupancy remained at 94.8 percent during the second quarter.
- Year over year, occupancy is up 40 basis points. The recent rise in occupancy is consistent with trends recorded in the past few years. Since 2021, occupancy increased by an average of roughly 40 basis points per year.
- Occupancy trended higher across the country during the past year, with the Southwest and Midwest regions posting the steepest increases. Year over year, occupancy in the Southwest improved by 80 basis points, reaching 95.8 percent. Occupancy in the Midwest rose 70 basis points from one year ago to 90.1 percent.
- The South continues to record steady occupancy conditions. The current occupancy rate for this region is 95.7 percent, up 10 basis points from one year ago. Strong occupancy conditions in this region are being anchored by Florida. During the past 12 months, occupancy in Florida improved by 10 basis points to 96 percent.
- Year over year, occupancy in the Northeast region rose 40 basis points to 94.7 percent. Trends in Pennsylvania helped to boost conditions in the Northwest region. The occupancy rate in Pennsylvania increased by 60 basis points during the past year to 95.3 percent.
- Occupancy is highest in the Pacific region, fueled by extremely tight conditions in California. Occupancy in this region inched higher during the past 12 months to 98.9 percent and has ranged between 98 percent and 99 percent going back to the fourth quarter of 2018.

Year over year, occupancy is up 40 basis points.

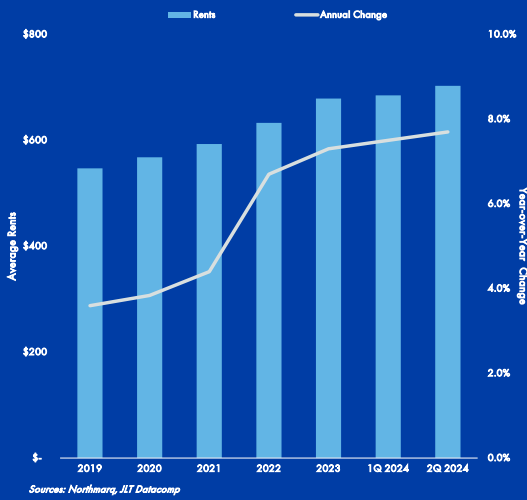
## OCCUPANCY OVERVIEW



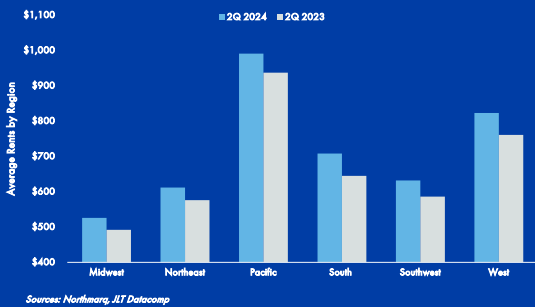
## MANUFACTURED HOUSING OCCUPANCY BY REGION



## RENTS OVERVIEW



## MANUFACTURED HOUSING RENTS BY REGION



## RENTS

- Rent growth for manufactured housing picked up in recent months, building upon recent gains. Average rents rose 2.6 percent during the second quarter, reaching \$703 per month. Year over year, rents in manufactured housing have increased by 7.7 percent.
- Rents have trended higher at a strong pace across the country during the past year, with the South region continuing to post the steepest increases. Asking rents in the South advanced by 9.8 percent during the past 12 months to \$708 per month. South Carolina and Florida have been the region’s leading states for rent gains in the past year.
- Manufactured housing rents in the Southwest continue to rise at a rapid pace. Rents in this region rose 7.8 percent during the past year to \$632 per month. Rent growth was strongest in Arizona, as average rents in the state rose 11.1 percent in the past year to \$650 per month.
- The Pacific region is currently recording the most expensive rents in the country, fueled by California which is the only state in the nation with rents above \$1,000 per month. Rents in the Pacific region rose 5.8 percent during the past 12 months to \$991 per month.
- In the Northeast, rents rose 6.3 percent during the past year to \$526 per month. In Pennsylvania, rents reached \$505 per month, 6.5 percent higher than levels from one year ago.
- Rent growth was elevated in the West region. Year over year, average rents in the West trended higher by 8.1 percent reaching \$823 per month.

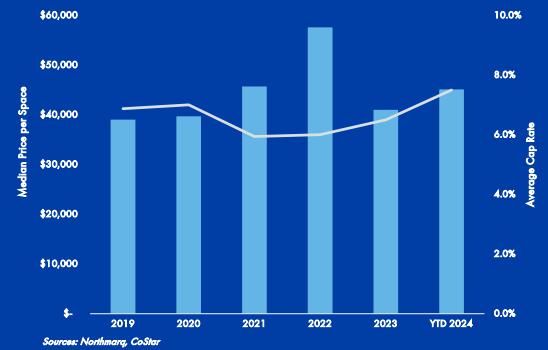
*Year over year, rents have increased by 7.7 percent.*

## MANUFACTURED HOUSING SALES

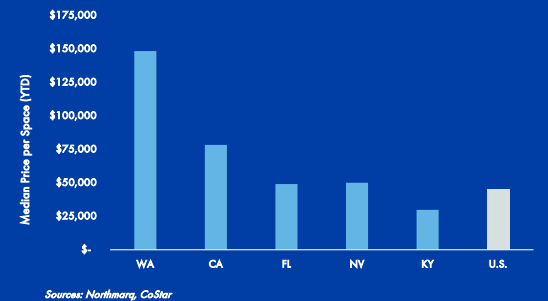
- Sales velocity for manufactured housing was nearly identical from the first quarter to the second quarter. Overall sales volume to this point in 2024 is limited compared to levels recorded last year. Transaction volume during the first six months of the year was down 37 percent from the first half of 2023.
- Cap rates held steady in recent months, averaging 7.5 percent during the first half of 2024.
- Pricing has been elevated to this point in 2024, as the median price through the first half is \$45,100 per space, up 10 percent from levels recorded in 2023. Colorado and California have recorded multiple transactions of \$10 million and higher during the past six months.
- Florida and Ohio are leading the country in transaction volume to this point in the year. Transaction activity in Ohio is often limited to a few deals each year, but sales in the state have picked up significantly during the past year. Year to date, sales in Ohio are ahead of last year's pace by 50 percent, investors began to be more aggressive in this state during the second half of 2023.
- California was one the leading states for transaction volume during the first half of 2024. The median price during the first half in California was \$78,300 per space, up 50 percent from the price last year.
- While transaction volume in the state is limited, pricing in Washington remains elevated. The median price in Washington through the first half of 2024 is \$148,300 per space.

*The median price through the first half is \$45,100 per space.*

### U.S. MANUFACTURED HOUSING SALES & CAP RATES



### MANUFACTURED HOUSING SALES PRICES BY STATE





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