

CONSTRAINED SUPPLY, DURABLE DEMAND

The Case for Investing in Manufactured Housing Communities



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Executive Summary

- Manufactured housing communities (MHCs) play a vital role in meeting housing needs in the United States by providing tenants an affordable alternative to housing options such as site-built single-family homes.
- MHCs offer stable and growing cash flows. Property income growth has remained consistently positive even during economic recessions. With a declining supply of manufactured homes and the need for affordable housing intact, we expect strong NOI growth to drive go-forward returns.
- There is scope for institutional ownership to increase. Strong and stable cash flow growth with relatively low capital expenditure requirements can improve the risk/return profile of institutional real estate portfolios.



SERVING THE NEED FOR AFFORDABLE HOUSING

01

- Manufactured housing is a core source of U.S. affordable housing, delivering quality homes at approximately 50% of site-built costs and serving nearly 8 million households.
- Long-term demand is supported by aging demographics, constrained supply, and improved home quality, reinforcing its role in housing stock.

Manufactured homes play a vital role in meeting housing needs in the United States, particularly for many low- to moderate-income households and retirees. As of 2024, there was an estimated total of 7.9 million manufactured homes in the United States, the equivalent of 5.4% of total housing stock (**Exhibit 1**).

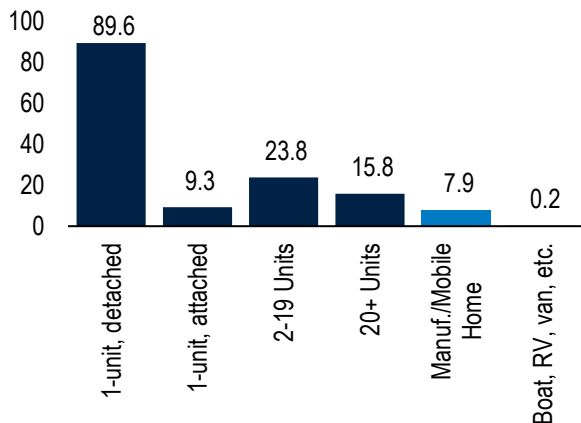
Manufactured homes are built in factories, then placed on private property or in a manufactured housing community (MHC). They are rarely moved once placed, owing to the high costs involved, structural additions, and factory warranty limitations. The Housing and Urban Development (HUD) code of 1976 and the Housing Act of 1980 provided much-needed regulations and building codes for manufactured homes built after 1976, while those built prior to 1976 continue to be considered “mobile homes.”

Despite the stigma attached to the sector due to the poor quality of mobile homes built decades ago, and the low-income threshold associated with these homes, many of today’s manufactured homes are well-built, able to withstand nature’s forces, and are being placed in highly-amenitized communities. As the need for affordable housing continues to grow, they will remain an important component of the housing stock.

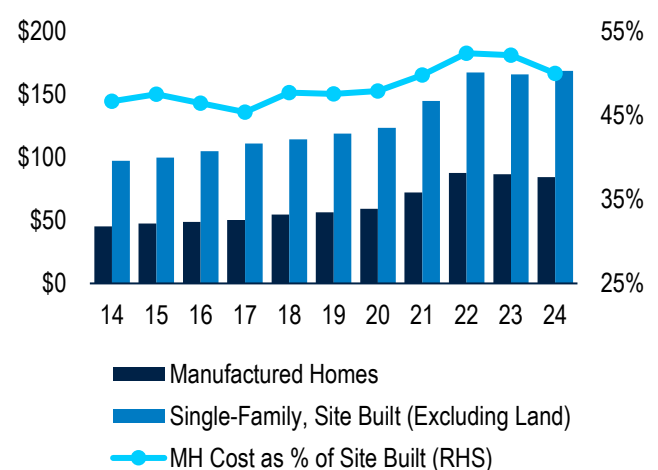
Strict manufactured housing construction standards allow for quality control, while manufacturing economies of scale contribute to lower price points. On a per square foot basis, the price of manufactured homes is roughly 50% that of site-built homes, excluding the land (**Exhibit 1**). As such, they are an important source of housing for lower-middle/low-income households and a large retiree population.

Exhibit 1: Manufactured Home Supply and Costs

Number of Housing Units by Structure Type (Millions)



Price Per Square Foot of New Home



Sources: U.S. Census Bureau, PGIM. As of March 2026.

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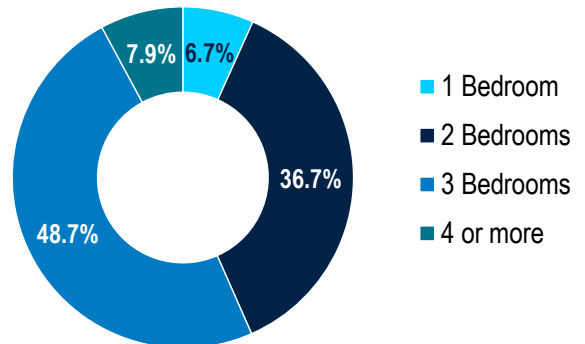
SERVING THE NEED FOR AFFORDABLE HOUSING

Though manufactured homes have a permanent chassis, 90% are anchored by tie-downs to a fixed site¹. Manufactured homes generally come in single- or double-wide format. Single-wide units comprise roughly 57% of total manufactured housing inventory². However, buyer preferences have been shifting toward larger units. More than half of new unit shipments have been double-wide units over the past decade³.

The majority of manufactured homes contain either 2 or 3 bedrooms (**Exhibit 2**), indicating that the most likely housing alternative is a larger apartment or a site-built single-family home.

Manufactured homes are most prevalent across the Southern U.S., as seen in **Exhibit 3**, where in some counties they comprise more than 50% of total housing stock. The largest number of manufactured homes can be found in Florida, Texas, North & South Carolina, California, Georgia and Arizona.

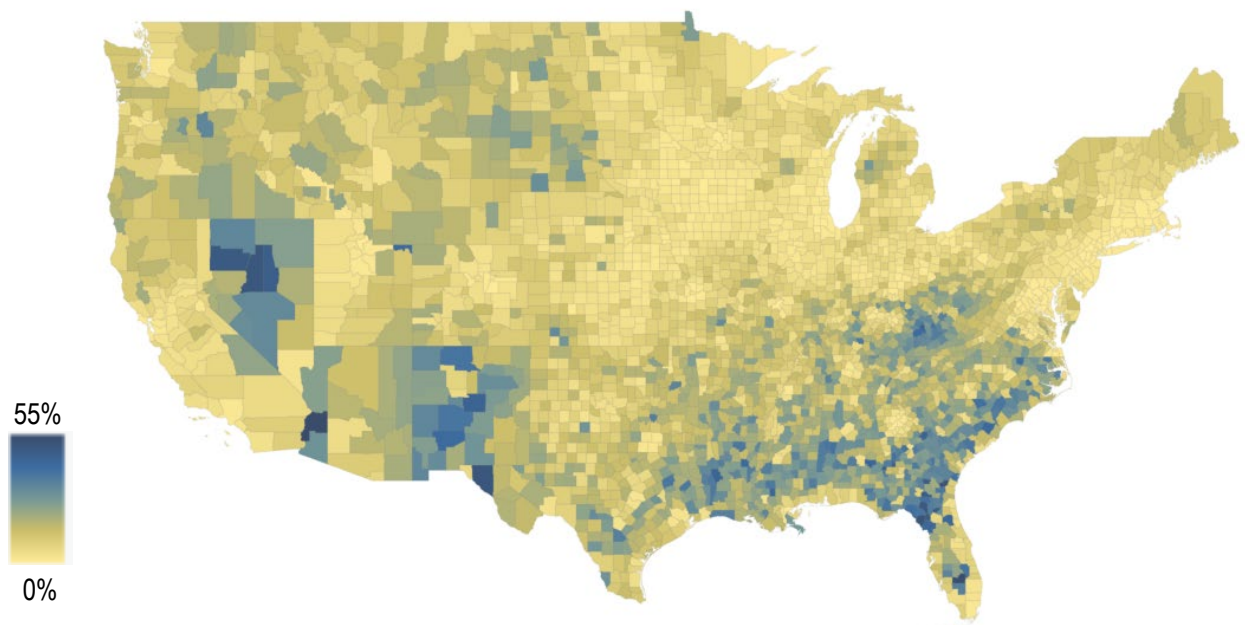
Exhibit 2: Mostly Two to Three Bedroom Homes
Manufactured Homes by Number of Bedrooms (%)



Sources: American Housing Survey (2023), PGIM. As of March 2026.

Exhibit 3: Manufactured Homes are Most Prevalent Across the Southern United States

Housing Units That Are Manufactured/Mobile Homes, By County (%)



Sources: U.S. Census Bureau, PGIM. As of March 2026.

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SERVING THE NEED FOR AFFORDABLE HOUSING

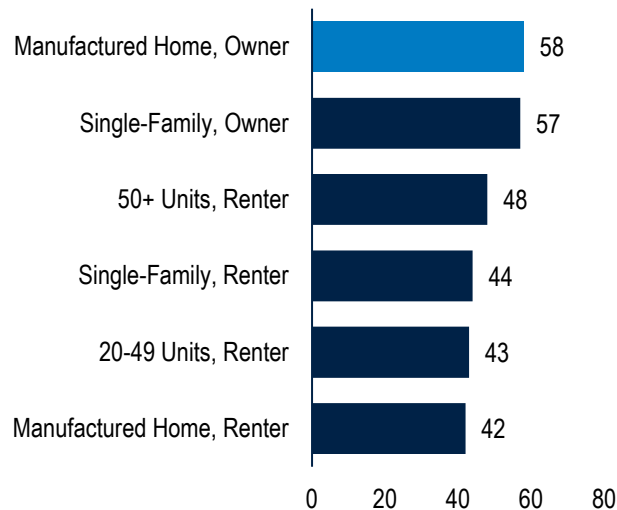
Manufactured Housing Tenants

Residents of manufactured homes communities who own their unit are older than the tenancy of most rental housing formats, as seen in **Exhibit 4**. The distribution of ages among homeowners of manufactured units shown on the lefthand side of **Exhibit 5** illustrates the extent to which MHCs to rely on demand from older households: 60% of MH homeowners are 55+ and another 29% are 35-54.

Reliance on these age cohorts will be a tailwind to demand over the next decade. As shown on the righthand side of **Exhibit 5**, growth in these older age cohorts will be notably faster than that of the age 20-34 cohort. The age 55+ cohort is projected in increase 9.2% over the next decade and the age 35-54 cohort is projected to increase 6.6%. This compares to just 1.2% for the younger age cohort.

Exhibit 4: Manufactured Home Tenants Are Older

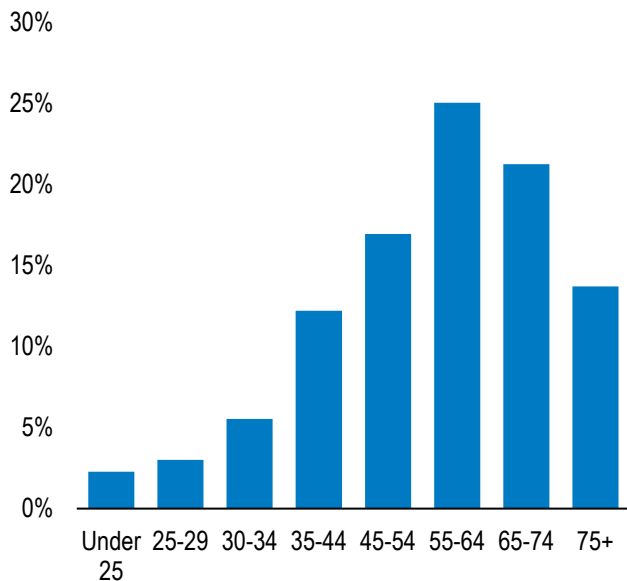
Median Age of Head of Household



Sources: American Housing Survey (2023), PGIM. As of March 2026.

Exhibit 5: Manufactured Homes Serve Faster Growing Age Segments

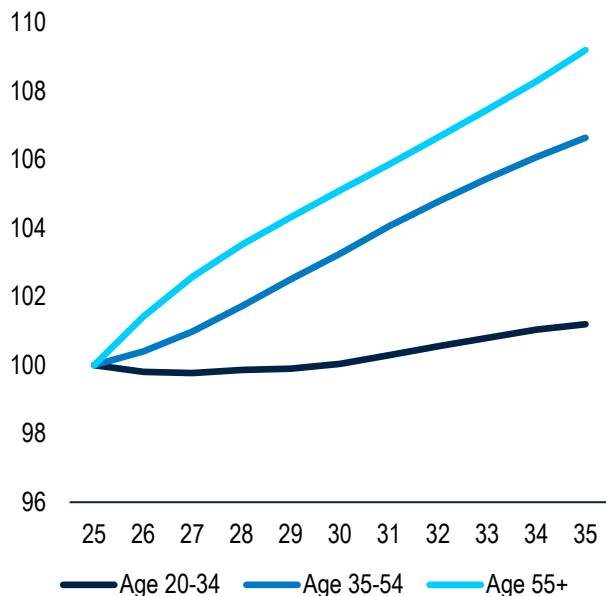
Age of Manufactured Home Household Head (As % of Total, 2023)*



*Note: Owners of manufactured home units only.

Sources: U.S. Census Bureau, Oxford Economics, PGIM. As of March 2026.

Index of Population Trends by Age Cohort (2024 = 100)



MANUFACTURED HOUSING COMMUNITIES DEFINED

A Manufactured Housing Community (MHC) is a residential subdivision in which the landlord owns contiguous parcels of land (“sites”) which are leased to tenants who place tenant-owned, factory-built homes and, to a lesser extent, recreation vehicles (RVs) on them. MHCs are mostly comprised of tenants who own their own unit but a portion of some communities contain landlord-owned manufactured homes for which the tenant pays rent for both the home and lot.

Similar to garden-style apartments or master-planned communities, MHCs have centralized entrances and

internal paved road systems with curbs, driveways, and various amenities. The homes are detached, single-family units which are produced off-site by manufacturers and installed on sites within the community. Amenities may include clubhouses, swimming pools, tennis courts, fitness centers, children’s parks and laundry facilities.

A typical MHC rent structure is similar to a ground lease. Sites are usually “pad-ready” – that is, graded with utility, water and sewer connections. The landlord owns the underlying land, utility/water/sewer connections, streets and common areas.

Tenants maintain their homes and sites, typically under community guidelines that are generally enforceable under penalty of default. Tenants may pay a maintenance fee to reimburse items such as utilities, trash collection, and shared amenities, though what is included typically varies by community.

It is estimated that there are more than 43,000 manufactured home communities in the U.S., representing close to 4.3 million homesites⁴.





STRONG AND STABLE NOI GROWTH

02

- Manufactured housing communities have delivered consistently positive NOI Growth during and immediately following economic downturns due to essential demand and pricing power.
- High costs and logistical barriers associated with relocating manufactured homes result in “sticky” tenants.

MHC net operating income (NOI) growth has historically been strong (**Exhibit 6**) and stable. Tailwinds from the demand and supply side of the sector supports pricing power for existing operators, both historically and we believe moving forward.

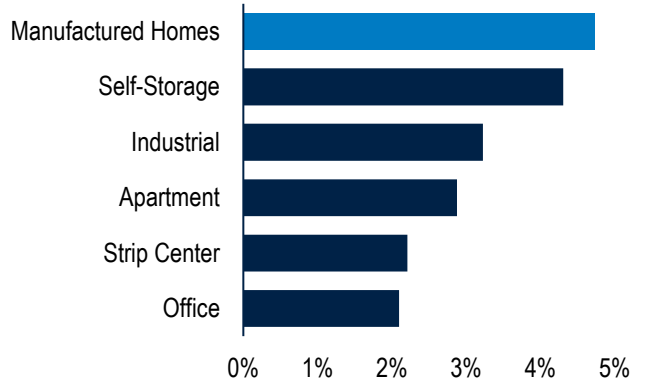
The persistent need for affordable housing underpins the ongoing demand for manufactured housing, while the supply of new MHCs is constrained due to zoning restrictions and other regulatory hurdles. This creates relatively consistent occupancy and rent growth, even during economic downturns.

Resiliency During Downturns

As seen in **Exhibit 7**, NOI growth for MHCs typically outpaces most sectors during and immediately after recessions. While it rarely leads all sectors in periods of broad-based NOI growth, it

never materially lags either. As a result, cumulative NOI growth has been very strong over multiple cycles.

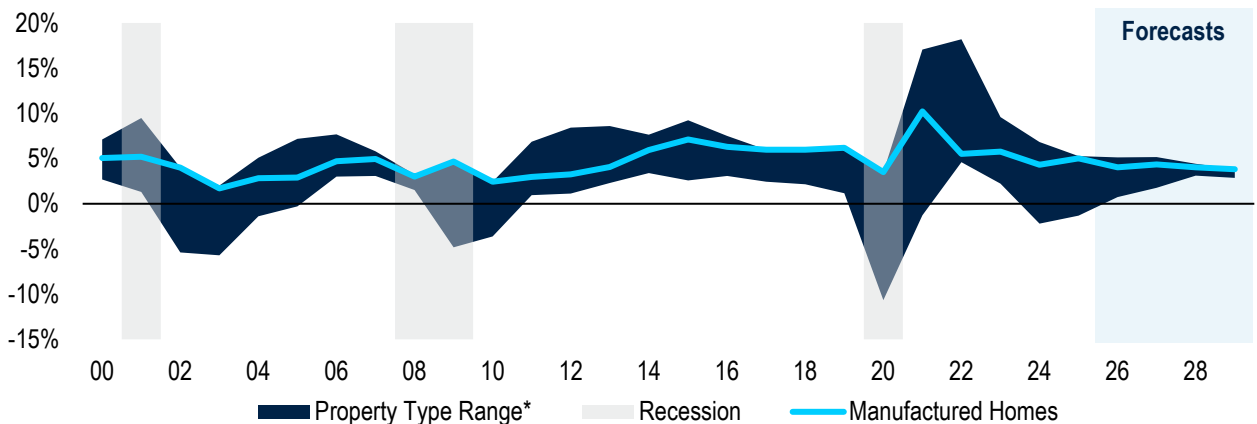
Exhibit 6: MHC NOI Growth is Strong . . .
Same-Store Net Operating Income Growth (Annual Average, 2000-25)



Sources: Green Street, PGIM. As of March 2026.

Exhibit 7: . . . And Stable Across Economic Cycles

Same-Store Net Operating Income Growth*



*Range of property type NOI growth includes Apartment, Industrial, Strip Centers, Office, Self-Storage and Manufactured Housing.

Sources: Green Street, PGIM. As of March 2026. **Forecasts are not guaranteed and may not be a reliable indicator of future results.**

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STRONG AND STABLE NOI GROWTH

Low Turnover

Residents of MHCs are considered “sticky” tenants because turnover of individual lots is relatively low. Based on our own calculations of data from the most recent American Housing Survey in 2023, the average household who owned a manufactured unit but rented their lot moved in during 2013. This compares to 2017 for renters of single-family homes and to 2018 for renters in buildings of 2 units or more (**Exhibit 8**).

The cost of transit, site preparation, installation, and set-up of a manufactured home can be significant, setting a high hurdle for tenants to consider a move. This contributes to a relatively stable NOI growth profile.

Affordability-Driven Demand

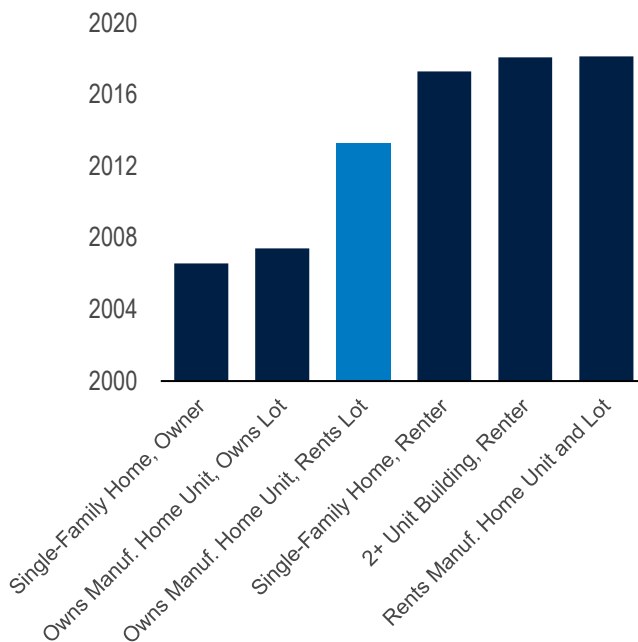
Demand for manufactured homes is underpinned by the need for affordable housing. We find that in comparison to other housing types, tenants of manufactured homes are more likely to have left their previous residence because they are seeking to form their own household and reduce housing costs (**Exhibit 9**).

The affordability provided by manufactured homes supports those aims. A case study of potential housing options in Orlando is shown in **Exhibit 10** on the next page. Each bar depicts a range of monthly housing costs for different categories of housing including for-sale single-family homes, single-family rentals, 2-3 bedroom apartments and Manufactured Homes located in MHCs.

Manufacturing Housing monthly costs are reflected by the pink bar. The lower bound reflects the rent for the homesite only. In this instance, the tenant is assumed to wholly own the housing unit and pay no monthly cost for the unit itself. In actuality, housing costs will include items such as utilities, etc, but these costs are excluded across all housing types shown for the sake of simplicity.

Exhibit 8: Manufactured Home Turnover is Low

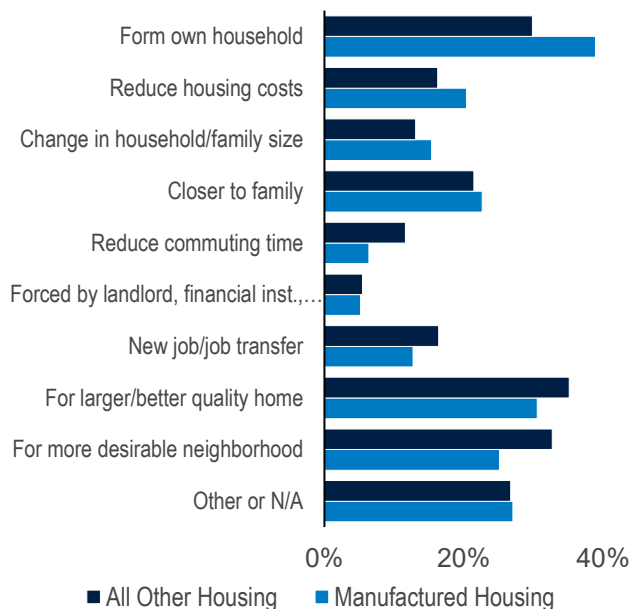
Average Year Householder Moved In (As of 2023)



Sources: American Housing Survey (2023), PGIM. As of March 2026.

Exhibit 9: Affordability Supports Tenant’s Aims

Reasons for Leaving Previous Residence (% of Respondents)



Sources: American Housing Survey (2023), PGIM. As of March 2026.

STRONG AND STABLE NOI GROWTH

The upper end of the range for manufactured homes reflects a tenant who has recently financed the purchase of a newly constructed manufactured home unit and must make a monthly loan payment in addition to the rent for the site.

Despite the overall affordability of manufactured housing, financing options remain expensive relative to site-built homes. Many manufactured homebuyers must rely on a chattel mortgage, which provides a loan to purchase movable personal property as opposed to a conventional mortgage which provides financing for real estate (land and anything permanently attached to it). Chattel lending is typically shorter-term than a conventional mortgage and at a higher interest rate. The underlying assumptions here are that the loan is amortized over 23 years and the annual interest rate is ~450 bps above prevailing conventional mortgage rates⁵.

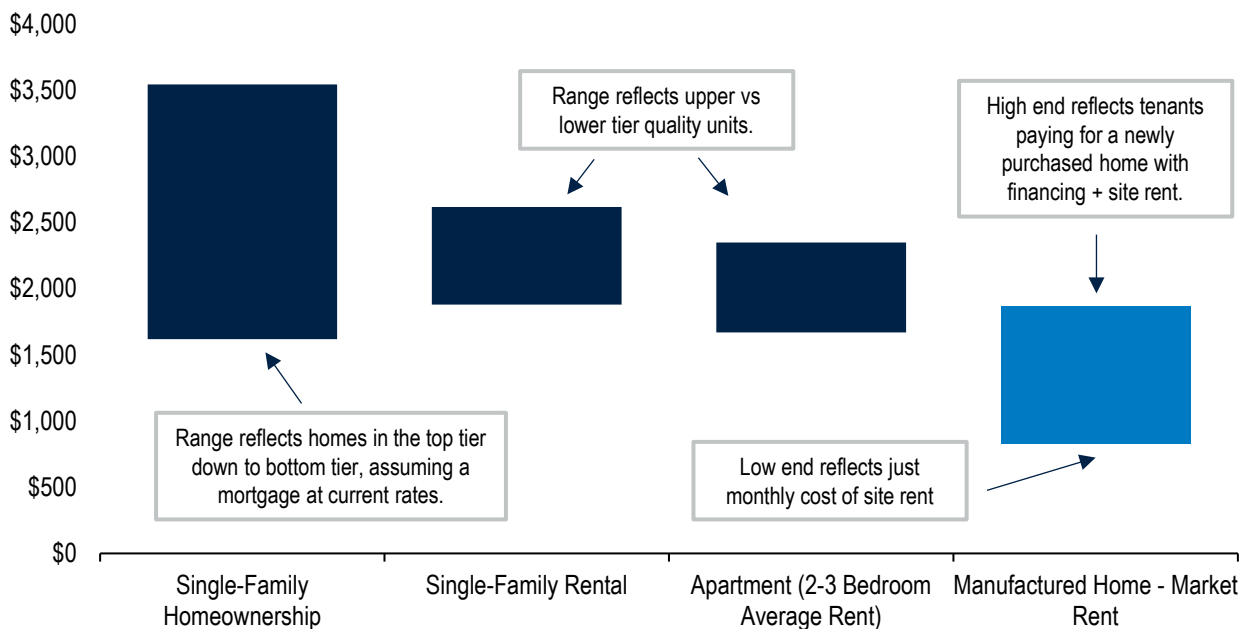
Only with these expensive financing terms and assuming the purchase of a brand new unit does the monthly cost of Manufactured Housing in Orlando, FL begin to rival that of other housing options.

Moreover, this does not account for the quality of housing stock. The lower end of the ranges shown for the various other options would likely be lower quality stock to which newer Manufactured Homes may present a relative advantage.

The findings of this analysis may not apply to every market, but the analysis shown here is instructive as to the cost comparisons tenants face. Investors would be well served to properly evaluate these options to fully understand local market dynamics.

Exhibit 10: An Affordable Housing Option for Tenants

Monthly Housing Cost Range Comparison for Orlando, FL*



*Assumptions: High end of MH housing cost range assumes loan payment on a new unit (average of single and double-wide unit sale prices) financed using a chattel loan with a 23-year loan length and assuming a rate ~450 bps higher than a typical mortgage rate. Homeownership range reflects range of bottom and top tier home prices in Orlando assuming a mortgage rate as of mid-2025 and includes local property taxes. Apartment range reflects the average of 2-3 bedroom rents for Class A and Class C product. Utility, maintenance and insurance costs are not included in this analysis.

Sources: U.S. Census Bureau, CoStar, JLT, John Burns, Zillow, Tax Foundation, U.S. Census Bureau, PGIM. As of March 2026.

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STRONG AND STABLE NOI GROWTH

Limited Competition From New Supply

The MHC industry benefits greatly from high barriers to entry and other supply constraints. On a net basis, the supply of manufactured homes has shrunk since 2000 as new additions (**Exhibit 11**) have not kept up with losses of older homes.

Generally, barriers to entry can be significant across the U.S. for the following reasons:

- 1. Zoning:** Permission by local authorities for MHC can be difficult to achieve. Restrictive zoning results from negative public perception of MHCs and the fact that such communities generate less tax revenue than conventional housing due to the frequent treatment of manufactured homes as personal property rather than real property.

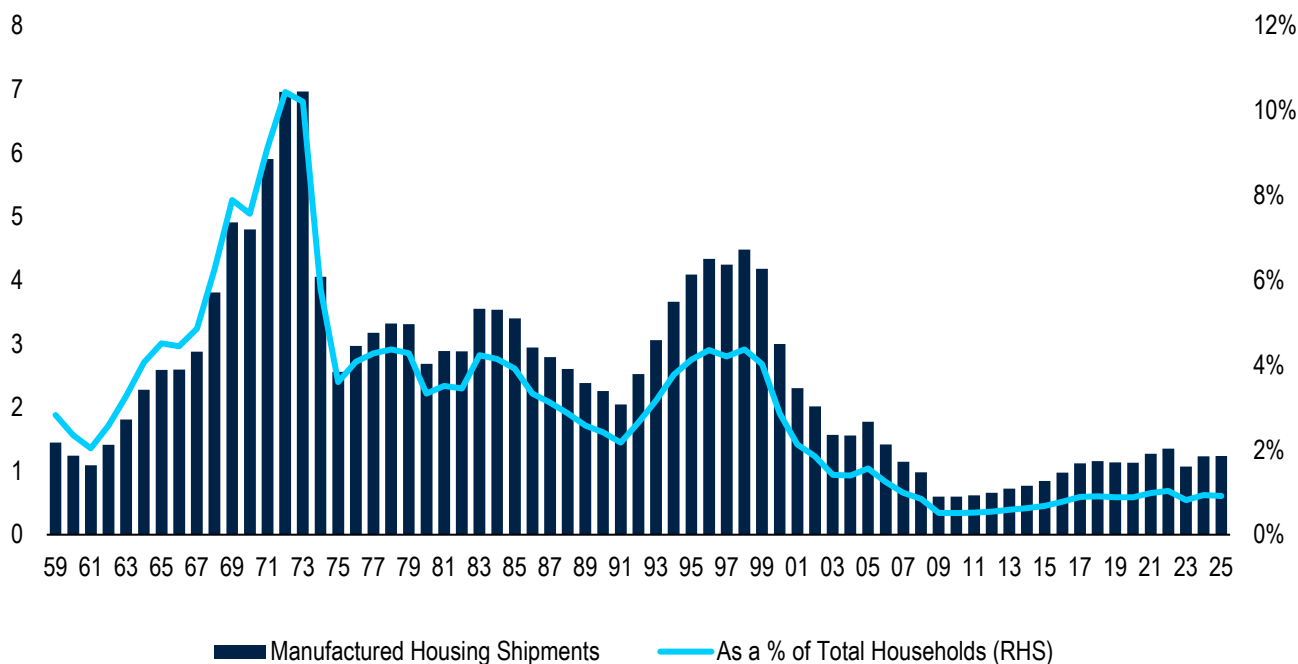
- 2. Cost:** Significant resources may be necessary to purchase suitable land to begin operations. This varies between regions and is generally dependent on existing populations, infrastructure, facilities, transport, and development.

- 3. Lease-Up Time:** It may take several years to achieve high occupancy rates for newly built manufactured housing communities, compared to a typical apartment lease-up period of 12 to 18 months.

With low turnover and little new supply, MHC owners can reasonably raise rents without significant impacts on occupancy. Favorable supply dynamics also contribute to tenant “stickiness” as tenants may remain in place due to a lack of available sites/parks to relocate to within the same metro area.

Exhibit 11: Supply Risks Are Minimal

Annual Shipments of New Manufactured Homes (Millions of Units)



Sources: U.S. Census Bureau, Federal Reserve Bank of St. Louis, PGIM. As of March 2026.

STRONG AND STABLE NOI GROWTH

All Age Vs. Age-Restricted Communities

Based on an analysis of a sample of MHC markets in Florida, we find that rental growth does not vary significantly between age-restricted and all-age communities (**Exhibit 12, left hand side**).

However, occupancy rate trends in those same markets show two notable differences (**Exhibit 12, right hand side**). First, occupancy rates for all-age communities in these markets were consistently lower through the entire 2005-2025 period. Second, they are also more variable over time. Occupancies in all-age communities fell nearly 600 bps from 2005 to 2014. Over that same timeframe, occupancies in age restricted communities fell just 20 bps.

What explains the difference in occupancy trends? One possible reason is that households in all-age

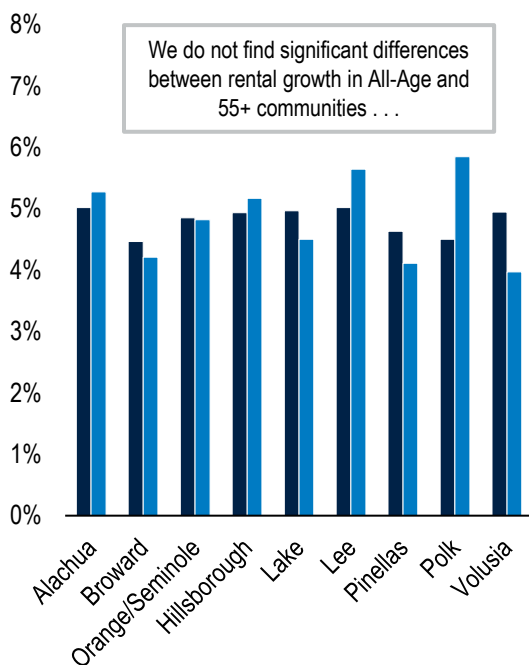
communities are more likely to rely on financing to purchase their homes. Age restricted communities are more likely to be comprised of retirees or older households who have paid all cash for their homes. Given higher monthly housing costs, tenants in all-age communities may be more exposed to risks from loss of employment, etc. As such, we would expect foreclosure risks to be more prevalent in all-age MHCs, potentially impacting occupancies should economic conditions deteriorate.

Regardless of these differences, the underlying driver of manufactured housing demand – a lack of housing affordability more broadly – is expected to drive performance across these segments for the foreseeable future.

Exhibit 12: Similar Rent Growth Between Community Types, but Occupancy Trends Differ

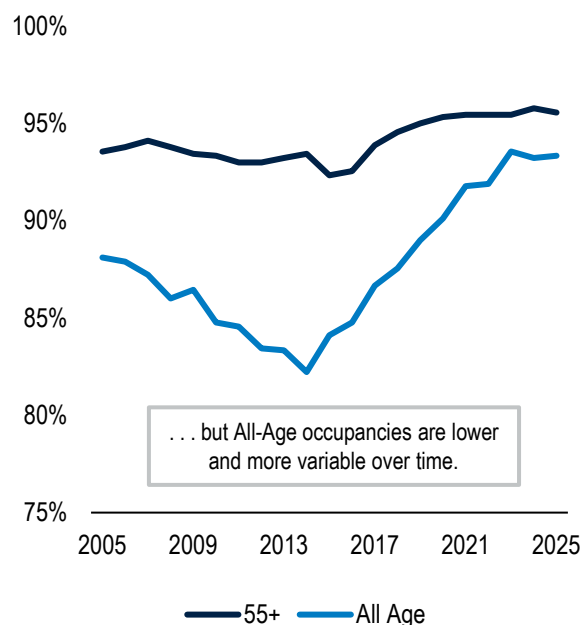
Annual Rent Growth (2005-25)

Select Markets in Florida*



Occupancy Rates (2005-25)

Equal-Weighted Average, Select Markets in Florida*



*Analysis is conducted on a sample set of counties from Florida with data available at least back to 2005.

Sources: JLT, PGIM. As of March 2026.

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GROWING INSTITUTIONAL PRESENCE

03

- Manufactured housing offers institutional investors an attractive return profile, characterized by stable cash flows, low CapEx requirements, and historically strong returns with lower volatility.
- Institutional adoption is expanding from a low base, supported by diversification benefits, core index inclusion, and a fragmented ownership landscape that creates opportunities for scaled investors.

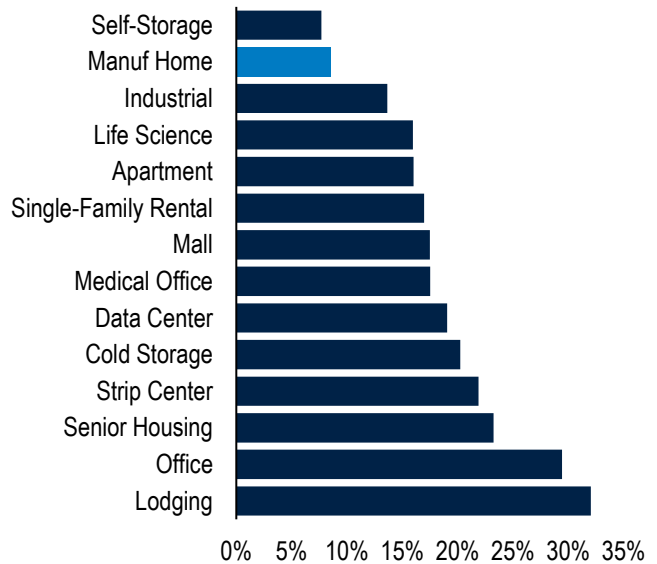
We expect that institutional exposure to manufactured housing will continue to rise, particularly among core funds, given the property type’s demonstrated strong returns with lower volatility. Sector returns benefit from growing and stable cash flows, as outlined earlier, and relatively low capital expenditure requirements.

Low CapEx Requirements

MHCs are a low capital expenditure business relative to most other property types. MHC investments are largely based on land ownership as most residents own or finance their units. MHC capital expenditure reserves as a percent of NOI average around 7-10% (see **Exhibit 13**), well below all other property types aside from self-storage. These low capital expenditures contribute to the sector’s attractive historical return profile.

Exhibit 13: Low CapEx Drag

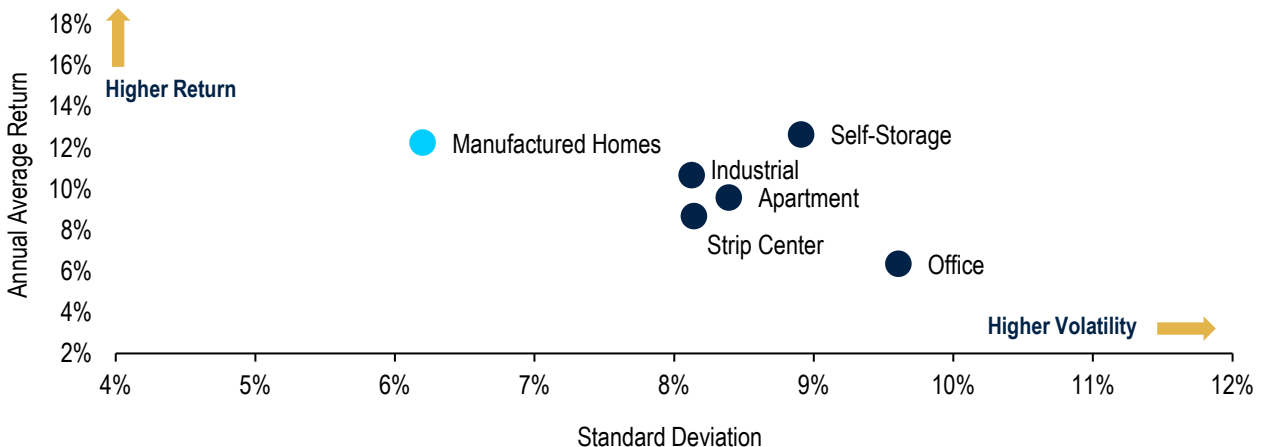
Capital Expenditure Requirements as a Percent of NOI



Sources: Green Street, PGIM. As of March 2026.

Exhibit 14: Low Return Volatility

Annual Average Return vs. Standard Deviation, 1998-2025



Sources: Green Street, PGIM. As of March 2026.

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GROWING INSTITUTIONAL PRESENCE

Diversification Potential

Historically, the property type has produced strong returns with limited volatility over time (**Exhibit 14, previous page**). Limited return volatility and the resulting low correlation with other sectors provides diversification benefits within real estate investor portfolios.

Institutional Investor Acceptance

The property type’s acceptance within a diversified core real estate portfolio is exemplified by recent changes to the inclusion criteria for core real estate funds in NCREIF’s ODCE Index⁶. As of 2024, Manufactured Housing is considered part of the broader “Residential” umbrella and counts toward core fund requirements to hold 75% of a portfolio in office, industrial, residential, and/or retail properties.

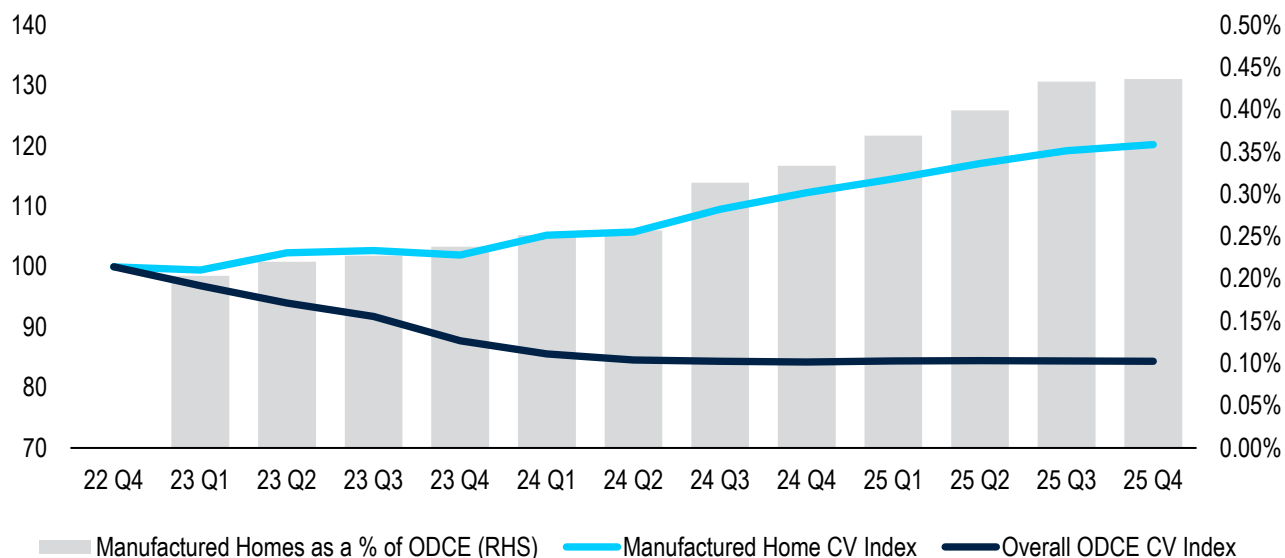
Exposure to the sector among open-ended core funds remains limited. As of Q4 2025, Manufactured Housing made up just 0.4% of the ODCE Index by market value but is growing both through acquisitions and stronger than average capital value growth (Exhibit 15). Institutional ownership is more notable outside of the open-ended core fund space, both from large private institutional investors as well as REITs.

We expect this share to continue to rise. We do acknowledge there is some limitation to the size of the sector within the broader institutional real estate space given high barriers to new supply (see page 9). Estimates of current institutional ownership are varied. However, with an estimated 4.3 million homesites located in MHCs, we believe there is scope for further institutionalization over time.

Investors with the ability to gain notable exposure can differentiate themselves due to the performance attributes detailed through this paper.

Exhibit 15: Growing Exposure Among Core Real Estate Funds

Manufactured Homes, Capital Value Index and % of NCREIF ODCE



Sources: NCREIF, PGIM. As of March 2026.

GROWING INSTITUTIONAL PRESENCE

Strategies for Institutional Investors

Due to notable supply constraints, the opportunity set for MHC development is not particularly large at present. However, in addition to stabilized acquisitions, opportunities exist to acquire properties and execute value-add strategies that aim to improve the community through capital investments in shared amenities and infrastructure and/or operational enhancements.

The MHC sector has historically been dominated by smaller, private owners with a higher cost of capital. As such, many prioritized high occupancies as opposed to capital investments that could drive rental growth. Institutional buyers can make upfront investments in communities and subsequently adjust lot rents to levels that reflect prevailing market rates.

Examples of community investments that can be made to improve the resident's living quality include the following:

- Placement of new roads and sidewalks
- Repairing and/or upgrading utilities infrastructure such as electrical systems, water & sewage systems
- New/upgraded amenities, including clubhouses, fitness centers, dog parks, sports courts, pools
- Safety enhancements, including new/upgraded security cameras and improved outdoor lighting
- Improved landscaping and other community appearance upgrades

In addition to capital expenditures, there are often improvements in operating procedures that can be made to enhance the community living experience. Examples include the roll-out of more sophisticated rent and fee payment systems, addressing inadequate staffing levels, and the implementation of community rules and regulations.



RISKS AND CHALLENGES TO NAVIGATE

04

- Compressed yields shift the primary return driver to NOI growth, with tenant sensitivity to rent increases and exposure to broader housing market dynamics among the key risks.
- Regulatory complexity and fragmented deal flow require scale, local expertise, and relationships, particularly to navigate local regulations, off-market transactions, and smaller asset sizes.

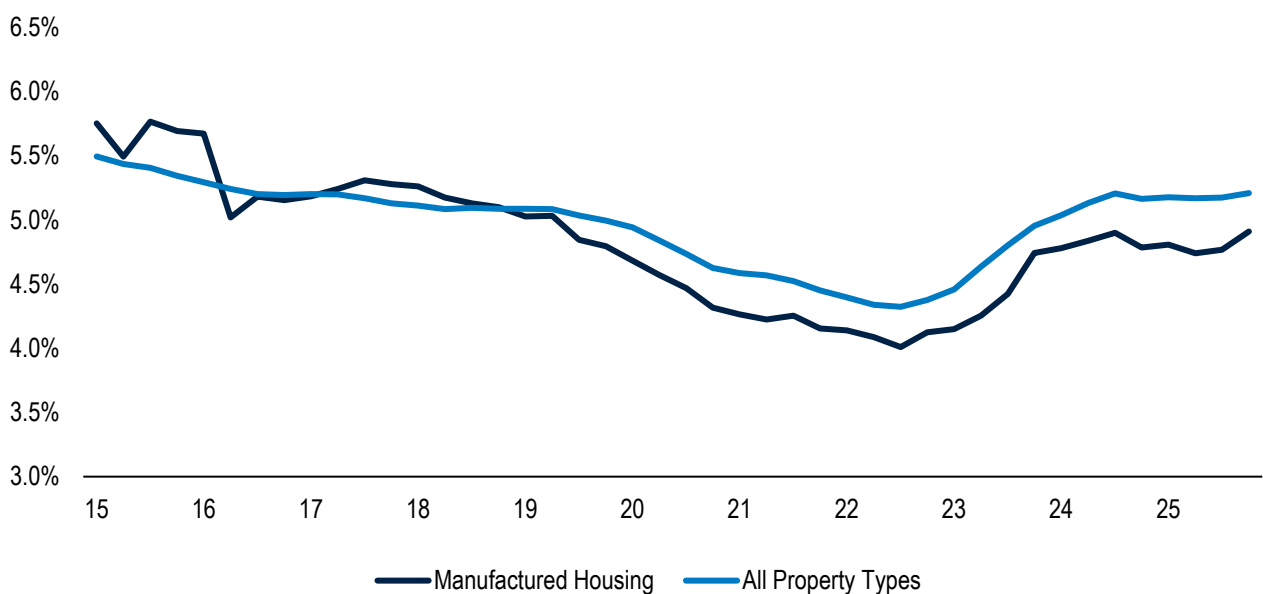
Low Yields

Up until 2019, Manufactured Housing offered a yield premium relative to most other property types (**Exhibit 16**). Additionally, although yields across all property types have declined along with interest rates over the longer-term, MHC yields have compressed to a greater degree, supporting strong relative returns. With yields now below most other property types, we expect relative returns for Manufactured Housing to be driven largely by NOI growth.

However, in some cases these low yields are reflective of the value-add strategies outlined above. In these cases, a low starting yield is the product of properties with current, in-place rents notably below market level, but with expectations for those rents to be set to market levels after execution of a capital improvement plan.

Exhibit 16: Yields Are Now Lower Than Most Property Types

Top Quartile Cap Rate, Rolling 4-Quarter Average



Sources: MSCI/RCA, PGIM. As of March 2026.

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RISKS AND CHALLENGES TO NAVIGATE

Affordability

Lower income workers have enjoyed an extended period of outsized wage gains. However, as labor markets have softened, lower income earners have seen wage gains decelerate to a much larger degree⁷. With manufactured home rental growth still growing at a strong clip, this could place greater affordability pressures on MHC tenants. We see this as a greater risk to all-age communities, where more tenants are reliant on wages to cover housing costs and more likely to have financed their home purchase.

Regulatory Risks

Potential shifts in regulations impacting manufactured housing is a key risk. These may come from the national, state or local level. In particular, broader housing affordability constraints have increased political pressure for regulatory interventions. Already in many locations, rent control legislation extends to the lot rent and not just the home itself.

Investors who employ active asset management strategies and can partner with experienced, best-in-class local operators are best positioned to navigate a changing regulatory environment.

However, it is worth noting that regulatory change also introduces potential upside risks for MHC investors. Modernized housing standards, improved access to resident financing, and/or expanded secondary-market support for manufactured home loans could improve home financing affordability and enhance home values.

Smaller, Off-Market Deals

Although institutional investment has continued to increase, larger investors may be challenged by the relatively small deal sizes of many manufactured housing properties and the difficulty it places on an investor to gain scale in the property type. Moreover, many transactions are considered “off-market” and not broadly solicited – this is often the case when properties are being sold by smaller, private owners.

In both these cases – when deals are smaller and/or solicited “off-market” – those investors with superior relationships with MHC operators and capital market participants will be best positioned to gain scale and execute within the sector.

Housing Market Cycle

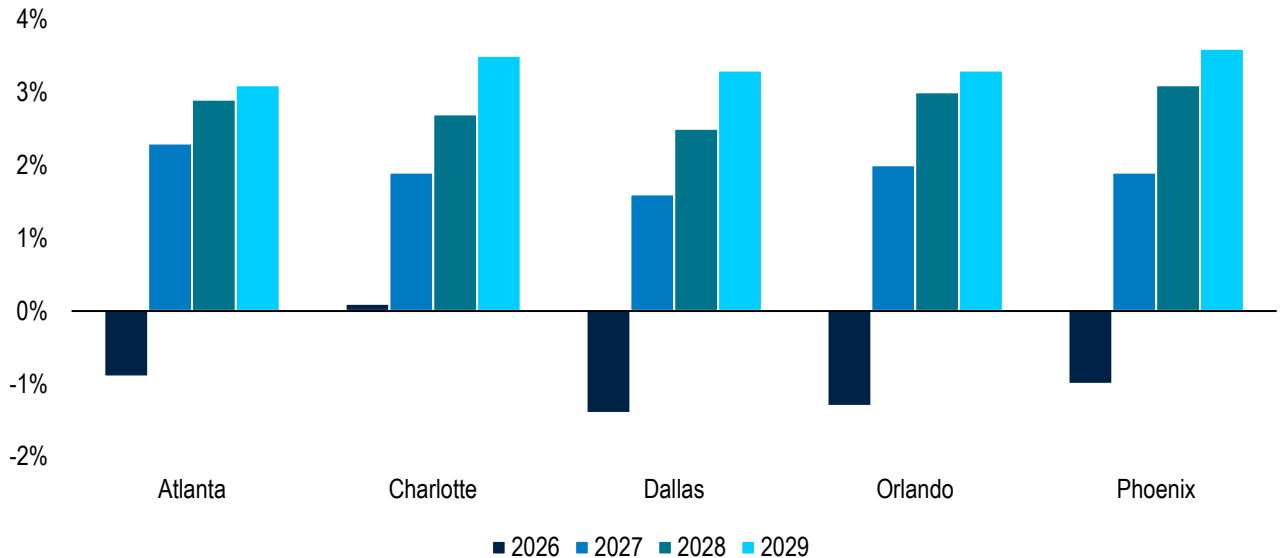
Strong demand for manufactured housing is underpinned by low affordability for lower income households in other segments of the housing market. A sustained downturn in single-family home prices and rental rates could upend the affordability advantage we demonstrated on page 8.

Despite current weakness in home price appreciation in many markets within states where manufactured housing is more prevalent, current projections are for prices to increase again beyond 2026 (**Exhibit 17, next page**).

RISKS AND CHALLENGES TO NAVIGATE

Exhibit 17: Near-Term Headwinds in Sunbelt Housing Markets

Entry Level Median Home Price Appreciation Forecasts



Forecasts are not guaranteed and may not be a reliable indicator of future results.

Sources: John Burns Real Estate Consulting, PGIM. As of March 2026.

Endnotes

1. U.S. Census Bureau, American Housing Survey, 2023.
2. U.S. Census Bureau, American Housing Survey, 2023.
3. U.S. Census Bureau, Manufactured Housing Survey, December 2025.
4. Manufactured Housing Institute, [Manufactured Housing Communities in the U.S. – MHI](#), December 2025.
5. [Manufactured Housing Finance: New Insights from the Home Mortgage Disclosure Act Data](#), Consumer Financial Protection Bureau, May 2021.
6. NCREIF Fund Index - Open End Diversified Core Equity, [NCREIF | News](#), April 2024.
7. Federal Reserve Bank of Atlanta, [Wage Growth Tracker - Federal Reserve Bank of Atlanta \(atlantafed.org\)](#), December 2025.

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