

..Why Don't We Build New Manufactured Home Parks?

A Simple Model of Land Use Incentives in High-Cost Metro Areas

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I. Introduction

As I began paying closer attention to housing development in the Seattle metropolitan area, I noticed a pattern that seemed difficult to explain. New apartment buildings, townhomes, and mixed-use developments were appearing regularly, yet I could not recall seeing a single newly built manufactured home park. This stood out to me because manufactured housing communities, despite often being overlooked, appeared to continue serving a real need in high-cost regions.

Compared with many apartments, condominiums, and single-family homes, manufactured home parks often remain one of the few relatively affordable housing options available to working households. At the same time, I also became aware that these communities were in demand from the investment side. As my family evaluated manufactured housing communities as potential investments, I heard frequent references to “cap rates”—a measure of return in real estate—and how cap rates for these properties had been compressing over time. This suggested that investors were willing to accept lower returns to acquire these assets, typically a sign of strong demand and limited supply.

What struck me was the coexistence of these two observations: households continue to value manufactured housing as a more affordable option, and investors continue to value these communities as scarce and stable assets—yet I still could not think of a single newly built manufactured home park in my area.

Why do we see so few, if any, new manufactured home parks being built in high-cost metropolitan areas, even when demand appears strong from both residents and investors?

To explore this question, I construct a simplified model comparing how the same parcel of land performs under different development scenarios. I evaluate outcomes from two perspectives: a private owner and a city government.

Thesis: *Even when manufactured home parks are valuable to both households and investors, they are rarely built because competing land uses generate stronger financial incentives for both landowners and cities.*

II. Background

Manufactured home parks represent a unique housing form where residents typically own the home but lease the land beneath it. This structure often results in lower monthly costs compared to traditional housing options.

Despite their role as relatively affordable housing, new manufactured home parks are rarely developed in high-cost metropolitan areas. Meanwhile, apartments and mixed-use developments continue to expand.

Urban land is scarce, and different land uses compete based on financial return and policy priorities. The concept of “highest and best use” suggests that land tends to be allocated to uses that generate the greatest economic value. This paper examines how these incentives differ across housing types.

III. Model Setup

I constructed a hypothetical model using a 2.0-acre parcel and compared three development scenarios: (1) Manufactured Home Park, (2) Rental Townhomes, and (3) Mid-Rise Apartments. All assumptions are simplified and illustrative, and are grounded where possible in operator data and available Seattle metropolitan area market data. Key assumption sources are documented in the Data Notes and Sources section.

Table 1 — Key Assumptions

Assumption	MHP	Rental Townhome	Mid-Rise
Units (2-acre parcel)	40	36	90
Monthly Rent / Lot Rent	\$1,250	\$3,000	\$2,400
Vacancy Rate	5%	5%	5%
Expense Ratio	35%	37%	42%
Cap Rate	5.5%	5.5%	4.75%
Property Tax Rate	1.0%	1.0%	1.0%

Note: All dollar figures in nominal terms. Parcel size = 2.0 acres. Gross revenue = units × monthly rent × 12. NOI = EGI × (1 – expense ratio), where EGI = gross revenue × (1 – vacancy rate). Value = NOI ÷ cap rate.

IV. Results

The following calculations compare owner-side and city-side outcomes across the three land use scenarios.

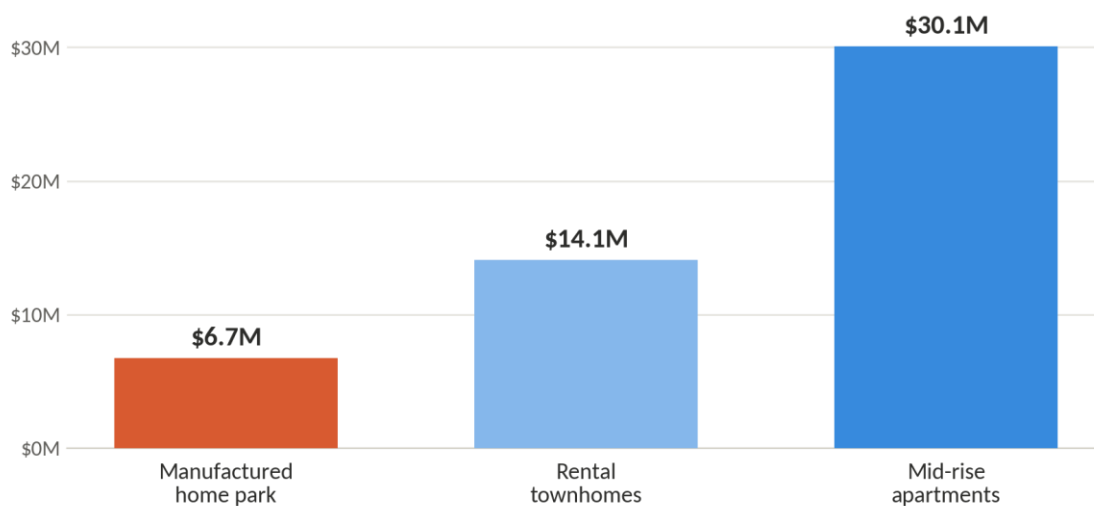
Table 2 — Owner Outcomes

Metric	MHP	Rental Townhome	Mid-Rise
Net Operating Income (NOI)	\$370,500	\$775,656	\$1,428,192
Estimated Value	\$6.74M	\$14.10M	\$30.07M
NOI per Acre	\$185,250	\$387,828	\$714,096
Value per Acre	\$3.37M	\$7.05M	\$15.03M

Note: All figures verified arithmetically. Value = NOI ÷ cap rate. Per-acre figures = total ÷ 2 acres.

Same land, three outcomes

Estimated value of the same 2.0-acre parcel under each use



Source: simplified financial model grounded in current Seattle-area market data.

Figure 1. Estimated value of the same 2.0-acre parcel under each use.

The same parcel of land produces dramatically different value depending only on what is built on it. As a manufactured home park it is worth roughly \$6.7 million; as rental townhomes, about \$14 million; as a mid-rise, about \$30 million. Nothing about the land changes—only the use.

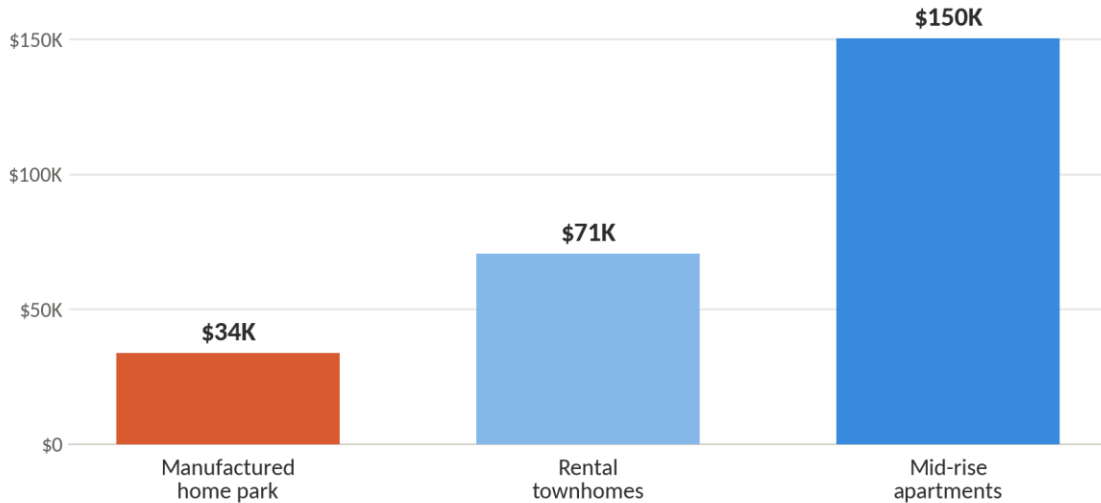
Table 3 — City Property Tax Outcomes

Metric	MHP	Rental Townhome	Mid-Rise
Annual Property Tax	\$67,364	\$141,028	\$300,672
Property Tax per Acre	\$33,682	\$70,514	\$150,336

Note: Annual tax = Estimated Value × 1.0%. Per-acre figures = total ÷ 2 acres.

Cities face the same incentive

Annual property tax generated per acre under each use



Source: model assumes a 1.0% effective property-tax rate (King County range).

Figure 2. Annual property tax generated per acre under each use.

The same gap reappears on the city's side of the ledger. Because property tax is levied on assessed value, a mid-rise generates roughly \$150,000 per acre in annual tax versus about \$34,000 for a park—more than four times as much. Even a city that values affordable housing faces a revenue incentive pointing toward density.

V. Sensitivity Analysis

V.a Higher Lot Rents

To test whether the results meaningfully change if manufactured home park economics improve, I modeled a simple sensitivity case in which lot rents increase by 10%, from \$1,250 to \$1,375 per month. This tests whether a stronger rent environment would materially change the ranking of the manufactured home park relative to apartments.

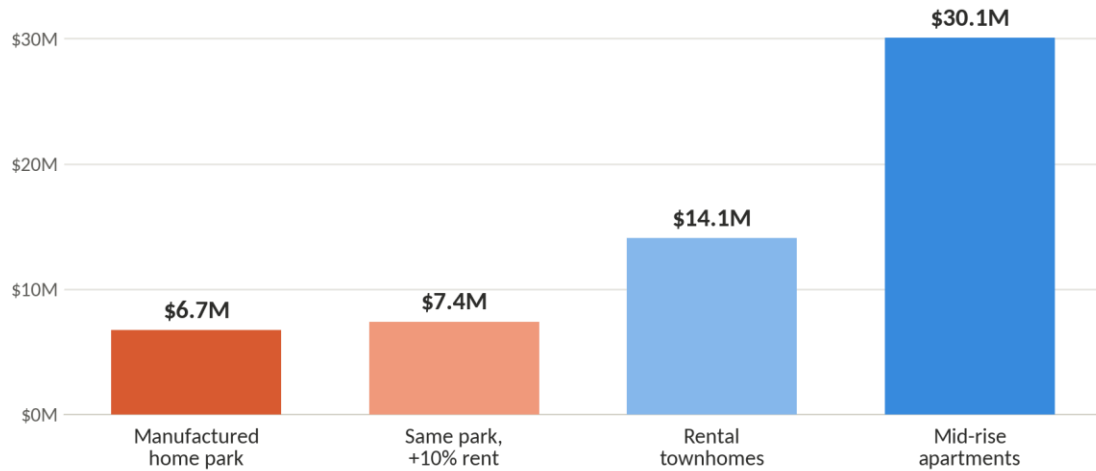
Table 4 — Manufactured Home Park Sensitivity (+10% Lot Rent)

Metric	Original	New (+10% Lot Rent)
Monthly Lot Rent	\$1,250	\$1,375
NOI	\$370,500	\$407,550
Estimated Value	\$6.74M	\$7.41M
NOI per Acre	\$185,250	\$203,775

Note: All other assumptions held constant. Cap rate = 5.5%. Expense ratio = 35%. Vacancy = 5%.

Even higher rents don't change the ranking

Estimated parcel value; a 10% lot-rent increase barely moves the park



Source: sensitivity case raising lot rent from \$1,250 to \$1,375/month; all else held constant.

Figure 3. A 10% lot-rent increase does not change the ranking.

Increasing manufactured home park rents improves financial performance, but does not fundamentally change the outcome. Even with a 10% increase in lot rent, the manufactured home park still generates less income and lower land value than alternative uses.

V.b The Interest-Rate Cycle

A natural question is whether the interest-rate environment changes the result. Interest rates do not directly affect a property's operating income; they affect the cap rate at which that income is valued. When borrowing is cheap, cap rates compress and values rise; when borrowing is expensive, cap rates expand and values fall. To test this, I held each scenario's net operating income constant and applied two cap-rate environments: the low-rate conditions of 2021, when borrowing costs were below 4% and cap rates were roughly 100 basis points tighter, and today's higher-for-longer environment near 7%.

Table 5 — Interest-Rate Sensitivity (Estimated Value, 2-acre parcel)

Scenario	Today (~7%)	2021 (sub-4%)
Manufactured Home Park	\$6.74M	\$8.23M
Rental Townhomes	\$14.10M	\$17.24M
Mid-Rise Apartments	\$30.07M	\$38.09M

Note: NOI held constant. Cap rates today: 5.5% / 5.5% / 4.75%; 2021: ~100 bps lower (4.5% / 4.5% / 3.75%).

Cheaper money widens the gap — it doesn't close it

Estimated value of the same 2.0-acre parcel under two rate environments

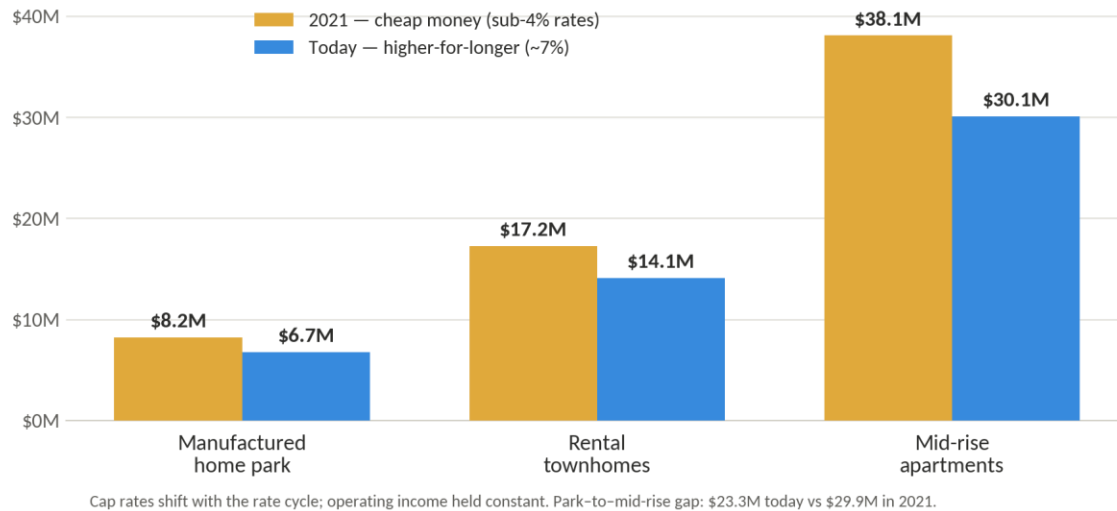


Figure 4. Cheaper money widens the gap rather than closing it.

The ranking does not change. The manufactured home park finishes last in both environments, confirming that its disadvantage is structural—rooted in income per acre—rather than an artifact of any particular financing climate. More surprisingly, cheaper money widens the gap rather than closing it. Because lower cap rates inflate the high-income mid-rise far more than the low-income park, the value gap between them grows from roughly \$23.3 million today to \$29.9 million under 2021 conditions. This is consistent with the observed phenomenon: even at the peak of the 2021 construction boom, when capital was cheapest, new manufactured home parks were not being built—denser apartments were.

V.c The Park's Own Submarket

The base model pairs a locally observed manufactured home park lot rent with metro-wide rents for the competing uses. A reasonable objection is that this mixes a lower-cost suburban land use with rents drawn from the broader, more expensive market. To address this, I re-estimated all three scenarios using rents specific to the submarket where the lot-rent data originates—the Federal Way/Des Moines area of South King County. CBRE reports submarket apartment rents there of about \$1,810 per month across three consecutive quarterly reports (Q3 2024, Q1 2025, and Q1 2026), roughly 18% below the metro average. Applying that same submarket discount to each competing use and holding all other assumptions constant, the location-matched values are shown below.

Table 6 — Location-Matched Scenario (Des Moines Submarket)

Scenario	Monthly Rent	Estimated Value
Manufactured Home Park	\$1,250	\$6.74M
Rental Townhomes	\$2,460	\$11.56M
Mid-Rise Apartments	\$1,975	\$24.74M

Note: Lot rent unchanged. Rental-townhome and mid-rise rents reduced about 18% to the Federal Way/Des Moines submarket level (per CBRE). All other assumptions constant.

Same result in the parks' own submarket

Same 2.0-acre parcel, Des Moines submarket rents — the order still holds

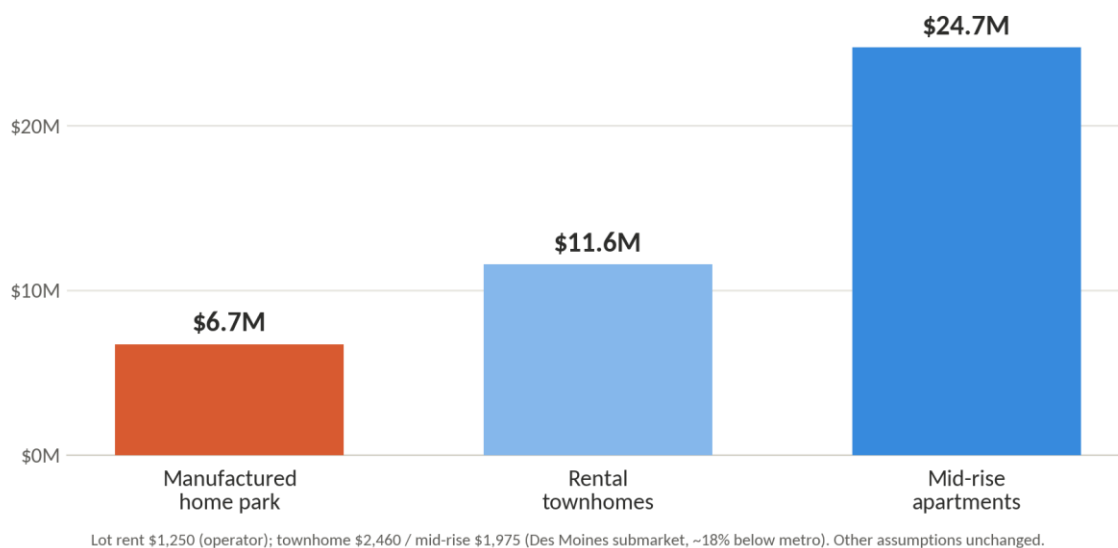


Figure 5. The ranking holds even in the parks' own submarket.

The ranking is unchanged. Even when every input is drawn from the park's own submarket, the mid-rise remains worth more than three and a half times the park, and the rental townhomes still exceed it. The gap narrows, as lower local apartment rents would predict, but it does not close. The structural disadvantage holds on the park's home ground.

VI. Discussion

From the owner's perspective, higher-density developments generate significantly higher income and property value. From the city's perspective, they also produce substantially more tax revenue per acre. This helps explain a key observation: even when manufactured home parks are valuable, they are often outcompeted by alternative land uses.

It is worth examining the cap rate assumptions used in this model. The manufactured home park scenario applies a cap rate of 5.5%, which reflects compressed pricing closer to the 2021–2022

peak of investor demand. Current market data from Northmarq and Comfort Capital indicates that stabilized manufactured housing communities are trading at cap rates of 5.9%–7.0% as of 2025. If a more current cap rate of 6.5% were applied to the manufactured home park scenario, the estimated value would fall from \$6.74 million to approximately \$5.70 million, and the value gap relative to the mid-rise scenario would widen from \$23.33 million to \$24.37 million per two-acre parcel. The apartment cap rates are, if anything, conservative as well: CBRE reports prime going-in cap rates of 4.50% for Puget Sound multifamily as of Q1 2026, slightly tighter than the 4.75% applied to the mid-rise here. In both directions, the model is conservative in how it represents the land-economics disadvantage facing manufactured home parks; the structural problem is likely larger in practice than the base figures suggest.

The density assumption for the manufactured home park scenario also merits brief discussion. The model places 40 lots on a two-acre parcel, implying a density of 20 units per acre. This sits at the upper end of the range industry data describes—typical parks achieve 5 to 12 units per acre, with higher-density urban-fringe parks reaching 12 to 20 or more—and assumes a compact design with smaller single-wide homes, tight lots, and efficient parking. It is therefore a deliberately generous figure for the park: a more typical density of 8 to 12 spaces per acre would place roughly 16 to 24 homes on the same parcel, reducing manufactured home park NOI and estimated value further. As with the cap rate, the base model is generous to the manufactured home park scenario, and the actual structural disadvantage is likely larger than the figures show.

The interest-rate sensitivity above is not merely theoretical. CBRE’s quarterly Puget Sound data shows the mechanism operating in real time: between Q3 2024 and Q1 2026, average apartment rents held essentially flat (from \$2,193 to \$2,213 per unit) while prime cap rates remained elevated and rose toward 4.50%. This is the same income-flat, cap-rate-elevated pattern that the high-rate side of the sensitivity analysis assumes.

Finally, a recent regulatory development in Washington State adds a forward-looking dimension to this analysis. As of May 2025, Washington enacted HB 1217, a rent stabilization law capping manufactured home park lot rent increases at 5% annually. This constraint on revenue growth does not apply to market-rate apartment properties. Over time, this regulatory asymmetry may further compress manufactured home park valuations relative to multifamily alternatives, potentially widening the incentive gap modeled here.

VII. Limitations

This paper uses a hypothetical model with simplified assumptions. It does not include financing structure, construction costs, zoning restrictions, permitting risk, or political considerations. Real-world development decisions are more complex than this model can capture.

The uniform 5% vacancy assumption favors the apartment scenarios slightly, as Seattle-area multifamily vacancy has run closer to 5–7% in recent CBRE data. Using a more conservative apartment vacancy rate would modestly reduce apartment NOI, though it would not change the directional finding.

The goal of this project is not to predict actual project outcomes, but to illustrate the incentive structure that may help explain why certain housing forms are underproduced.

VIII. What the Model Shows

This project began with a simple observation: in a high-cost metropolitan area where apartments rise constantly, I could not identify a single newly built manufactured home park, even though the housing remains affordable to residents and demonstrably attractive to investors. To understand why, I built a simplified model comparing how one parcel of land performs under three uses, grounded in operator data and current Seattle-area market figures.

The model reproduces the phenomenon. Across every version I tested—the base case, a higher-rent sensitivity case, both ends of the interest-rate cycle, and a version matched entirely to the park's own submarket—the manufactured home park generates the least income and the lowest land value. The ranking never changes. When the inputs are adjusted toward current market conditions, the gap widens rather than narrows.

The absence of new manufactured home parks, then, is not a mystery, an oversight, or a sign of weak demand for the housing itself. It is the predictable result of how land value works. The same parcel is simply worth far more when built more densely, and that gap—not demand—governs what gets built. Manufactured home parks generate real income and serve a genuine affordability function, but in the arithmetic of land use, they consistently finish last.

What I find most striking is that a simple, transparent model, grounded in public data and a few real operating figures, can reproduce a pattern visible from the street. The observation and the analysis agree.

IX. Data Notes and Sources

Manufactured Home Park Lot Rent (\$1,250/month)

Drawn primarily from operator data for two Puget Sound manufactured home communities—in Des Moines (King County) and Bonney Lake (Pierce County)—carrying market-rate lot rents of approximately \$1,250 per month as of 2025. The author had first-hand access to this operating data through family-owned communities. The figure is corroborated by Northmarq, which reports Pacific-region manufactured-housing rents near \$1,050 per month in mid-2025, with high-cost Seattle-area submarkets trading above the regional average, and by OPB (February 2025), which documents Washington park lot rents reaching \$1,200–\$1,300 per month.

Rents (\$3,000 Rental Townhome / \$2,400 Mid-Rise)

The mid-rise rent of \$2,400 is conservative: CBRE reports an overall Puget Sound average apartment rent of \$2,213 in Q1 2026, with close-in Seattle submarkets exceeding \$2,700, and rents essentially flat across its Q3 2024, Q1 2025, and Q1 2026 reports (\$2,193, \$2,188, \$2,213). The rental-townhome figure of \$3,000 reflects the premium that larger, house-like rental units command over flats—Seattle townhome and house rentals run well above apartment averages, with three-bedroom townhome listings commonly in the \$2,900–\$3,400 range and higher. For the location-matched analysis, CBRE reports Federal Way/Des Moines submarket apartment rents near \$1,810 across all three quarters—about 18% below the metro average—and the location-matched scenario applies that same submarket discount to each competing use.

Cap Rates (5.5% MHP / 5.5% Rental Townhome / 4.75% Mid-Rise)

The manufactured home park rate of 5.5% reflects compressed 2021–2022 pricing; Northmarq (~5.9%, H1 2025) and Comfort Capital (6%–7% stabilized, 2025) indicate current rates are higher, which would widen the gap. The mid-rise rate draws on CBRE, which reports prime going-in cap rates of 4.50% for Puget Sound multifamily as of Q1 2026, so the model's 4.75% is conservative. The rental-townhome rate of 5.5% reflects that build-to-rent and single-family rental product trades wider than core apartments—national single-family rental cap rates reached about 7.3% in late 2025, with purpose-built rental communities trading tighter—so a Seattle rental-townhome community near 5.5% is a reasonable, slightly conservative figure.

Density Assumptions

Manufactured home park (20 units/acre): industry typical range is 5–12 units/acre, with higher-density urban-fringe parks reaching 12–20+ (Bridge Legal; LegalClarity); the model uses a compact, top-of-range design with smaller single-wide homes. Rental townhomes (18 units/acre): a compact two- to three-story attached build-to-rent community; townhome rental communities typically run 10–18 units/acre. Mid-rise (45 units/acre): appropriate for 4–5 story construction; true mid-rise over podium can reach 116–150 units/acre (JHP Architecture).

Washington State HB 1217 (Rent Stabilization)

Effective May 7, 2025. Caps manufactured home park lot rent increases at 5% annually. Washington State Attorney General's Office, "Manufactured/Mobile Home Landlord-Tenant Act."

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