

Tampa Bay Times



Mobile home park investors bet on older, poorer America



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PLANT CITY

Sick of the cold, Una and Howard Kemper followed the warmth 1,000 miles south to a field of asphalt in the Florida pine flats, a mobile home park named CountryWood. • They bought a double-wide a third the size of their Baltimore rancher — with a manicured palm out front, like they had seen on TV — and filled it with angel figurines. That was 24 years ago. Una is 76 now, a widow on a fixed income. But this will always be her home. • "As far as I'm concerned, I'm in paradise," she said. "When I leave I want to leave the same way (Howard) did — not going anywhere else, except straight up."

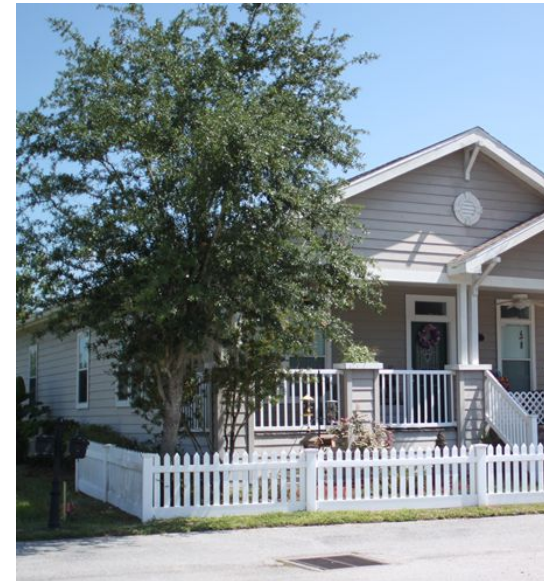
About 1.8 million Floridians today choose to live in a mobile home, a crowd five times the size of Tampa and mostly earning less than \$30,000 a year.

A new wave of investors is spending millions to profit off their business, amid a growing market of retirees and working poor who can't live anywhere else.

It is a bet on an older, poorer America, to whom mobile homes are a last resort. Millions can't afford rising apartment rents or home prices, or earn wages that are falling or flat.

That means mobile home park landlords and investors are assured steady business and a captive audience, even in the face of rising fees.

As Frank Rolfe, a park owner who runs Mobile Home University, a boot camp



for investors, told *Bloomberg*, "We're like a Waffle House where everyone is chained to the booths."

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Though about 18 million Americans live in them, mobile homes are largely a Southern business, with snowbirds fleeing winter for the Sun Belt states.

Another 10,000 American baby boomers retire every day, filling the market for 55-and-over parks. Only Polk County has more mobile home parks than Pinellas or Hillsborough. And in Pasco and Hernando, one in five people call a mobile home park home.

Today's mobile homes are far removed from the prefab trailers of the '70s. Made in factories, they look a lot like typical "site-built" homes, though they sell for half the price.

Mobile home parks that are not resident-owned charge homeowners every month to rent their square of dirt and concrete. The average resident at Equity LifeStyle Properties, the largest mobile home landlord in the country, will pay \$549 a month in site fees this year, and most landlords raise fees every year. More than 90 percent of Tampa Bay parks raised rent over the last year, 2013 data from research firm JLT & Associates show.

Even more enticing for investors: The supply of mobile home parks is largely static. Few developers build mobile home parks anymore, their open land more profitably used for apartment complexes, subdivisions or strip malls.

Many mobile home residents never move because they have weak credit, low savings and no other shot at owning a home. That they're known as "mobile homes" is a cruel irony: Moving them can cost more than \$5,000, much more than residents can usually afford.

"People are living longer today than ever before, and the financial status of those people is changing," said Jim Ayotte, the director of the Florida Manufactured Housing Association, an industry trade group. "They're saying, 'If I'm going to be around till I'm in my 90s, do I have enough money to live?'"

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Years ago, the mobile home industry was mostly ignored save for a few investment titans. Warren Buffett paid \$1.7 billion in 2003 to buy Clayton Homes, one of America's largest mobile home conglomerates. Sam Zell, the billionaire chairman of Equity LifeStyle, said in a 2012 conference call he liked "the oligopoly nature of our business."

But the market's new potential is luring investors, some of whom recently bought single-family homes to fix up and rent. Tricon Capital Group, a Canadian fund, said recently it wants to buy \$680 million worth of mobile home parks in Florida, Arizona and California, calling mobile homes a \$400 billion industry.

Carlyle Group, a Washington private-equity firm, spent \$31 million in October to buy two Florida mobile home parks, including Sun Valley Estates, a Tarpon Springs park where 90 percent of the lots are full and site fees average \$580 a month.

Equity LifeStyle saw revenue jump 6 percent last year to \$187 million, and its stock price has doubled in the past five years. The firm owns or leases more than 140,000 sites across North America, including in 120 parks in Florida, and has acquired hundreds more over the past year in parks like

Step 5: A model mobile home in CountryWood. Photos by DREW HARWELL | Times

Rainbow Lake and Fiesta Key.

The firm owns CountryWood, where Kemper lives, and Florida's largest mobile home park, Colony Cove, a 2,200-lot Ellenton fortress with a wood shop and five swimming pools. Said Patrick Waite, the firm's executive vice president of operations, "We're basically running small cities."

With little incentive for many manufactured housing community owners to improve, some parks have devolved into squalor. But investors said well-maintained parks are easier to market and make more money.

"It's not a very sexy business," said Waite, "but it's a very good investment."

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CountryWood's looping cul-de-sacs sprawl across a desolate flatness of northern Plant City, near an old cattle ranch and far from everything else. Like many mobile home parks, it is surprisingly upscale. There is a model mobile home with a white picket fence. Vinyl and aluminum siding must be kept to community-regulated shades of taupe, sand and beige. The carports are full at noon, but golf carts buzz to the clubhouse for water aerobics, chair volleyball and canasta.

Before Jim Young and his wife, Carolyn, bought their CountryWood home more than a decade ago for \$28,000, Jim, 66, was reluctant to give up the single-family homes he had lived in all his life.

"When he was growing up, he was used to all these little tiny trailer parks," says Carolyn, 68, slowly drawling every syllable, "all seedy and bad and rundown."

But they quickly became effusive cheerleaders of the manufactured home lifestyle, just what investors hope for. Their home has an office space, patio seating and an exercise space, all in the same room. A sun deck gives views of the canal, neighbors' satellite dishes and Adirondack chairs. Jim compares his floors to "the Kennedy compound up in Hyannis Port."

The Youngs pay \$500 a month for basic utilities and lot fees, which Equity LifeStyle has raised about 3 percent every year for the past five years.

But they say they're happy to pay a sum that's still less than what they paid for their traditional home.

Both love having a packed social calendar of bingo parties and tennis games. "You can't live as good as you can live here, out there, for this amount of money," Jim said.

The couple figures they'll always have to deal with naysayers thinking they'll blow away in a hurricane. But for the money they save, they're happy to call their double-wide a home.

When they had 12 people over for Easter, Carolyn even told them her new name for it: "Our aluminum mansion."

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18 million

Americans living
in mobile homes

10,000

Baby boomers retiring every day

2,375

Mobile home
communities in Florida

59,083

Mobile home lots
in Tampa Bay

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