S&P Global
Market Intelligence

UMH Properties, Inc. NYSE:UMH

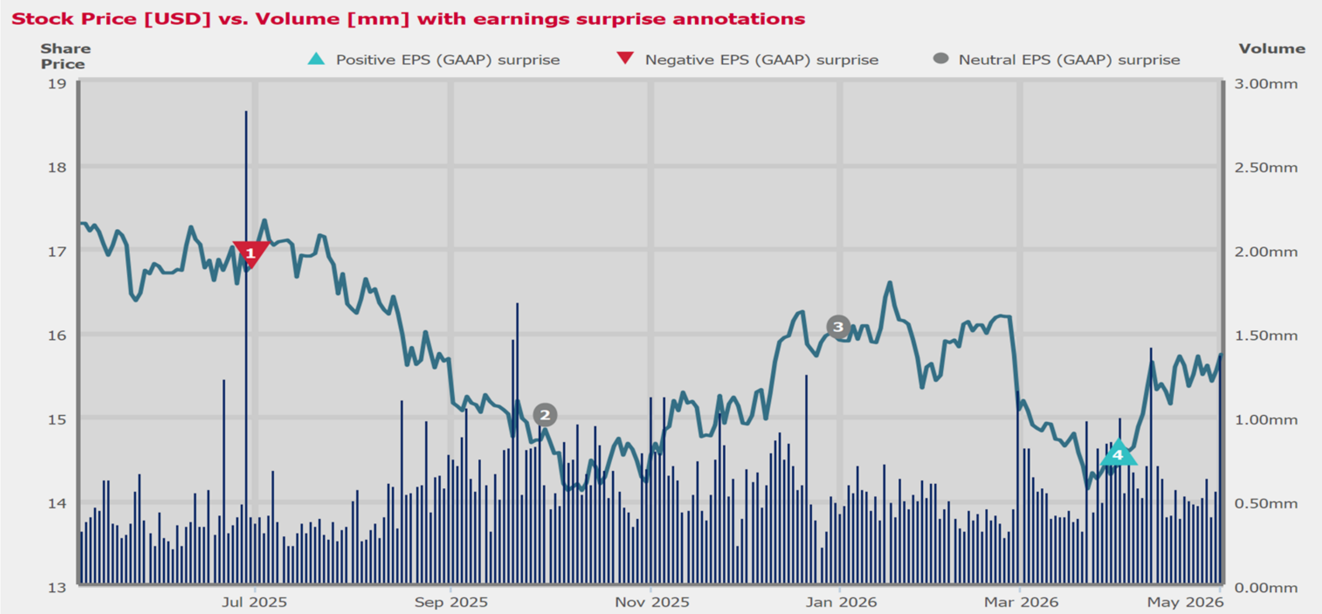
FQ1 2026 Earnings Call Transcripts

Friday, May 1, 2026 2:00 PM GMT

S&P Global Market Intelligence Estimates

	-FQ1 2026-			-FQ2 2026-	-FY 2026-	-FY 2027-
	CONSENSUS	ACTUAL	SURPRISE	CONSENSUS	CONSENSUS	CONSENSUS
EPS (GAAP)	0.01	0.03	▲200.00	0.02	0.10	NA
Revenue (mm)	66.32	65.84	▼(0.72 %)	73.09	285.29	NA

Currency: USD
Consensus as of May-01-2026 8:41 PM GMT



- EPS (GAAP) -

	CONSENSUS	ACTUAL	SURPRISE
FQ2 2025	0.04	0.03	▼1 (25.00 %)
FQ3 2025	0.05	0.05	2 0.00 %
FQ4 2025	0.04	(0.01)	NM
FQ1 2026	0.01	0.03	▲3 200.00 %

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Call Participants

EXECUTIVES

Anna T. Chew
Executive VP, CFO, Treasurer & Director

Brett Taft
Executive VP & COO

Craig Koster
Executive VP, General Counsel & Secretary

Daniel Landy
Executive Vice President

Eugene W. Landy
Founder & Chairman of the Board

Samuel A. Landy
President, CEO & Director

ANALYSTS

Craig Gerald Kucera
Lucid Capital Markets, LLC, Research Division

Gaurav Mehta
Alliance Global Partners, Research Division

Jeffrey Patton-Huan Carr
Cantor Fitzgerald & Co., Research Division

John James Massocca
B. Riley Securities, Inc., Research Division

Presentation

Operator

Good morning, and welcome to UMH Properties First Quarter 2026 Earnings Conference Call. [Operator Instructions] Please note, this event is being recorded. It is now my pleasure to introduce your host, Mr. Craig Koster, Executive Vice President and General Counsel. Thank you. Mr. Koster, you may begin.

Craig Koster
Executive VP, General Counsel & Secretary

Thank you very much, operator. In addition to the 10-Q that we filed with the SEC yesterday, we have filed an unaudited first quarter supplemental information presentation. This supplemental information presentation, along with our 10-Q, is available on the company's website at umh.reit. We would like to remind everyone that certain statements made during this conference call, which are not historical facts, may be deemed forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. The forward-looking statements that we make on this call are based on our current expectations and involve various risks and uncertainties. Although the company believes the expectations reflected in any forward-looking statements are based on reasonable assumptions, the company can provide no assurance that its expectations will be achieved.

The risks and uncertainties that could cause actual results to differ materially from expectations are detailed in the company's first quarter 2026 earnings release and filings with the Securities and Exchange Commission. The company disclaims any obligation to update its forward-looking statements. In addition, during today's call, we will be discussing non-GAAP financial metrics. Reconciliations of these non-GAAP financial metrics to the comparable GAAP financial metrics as well as the explanatory and cautioning language are included in our earnings release, our supplemental information and our historical SEC filings.

Having said that, I would like to introduce management with us today: Eugene Landy, Founder and Chairman; Samuel Landy, President and Chief Executive Officer; Anna Chew, Executive Vice President and Chief Financial Officer; Brett Taft, Executive Vice President and Chief Operating Officer; Jim Lykins, Vice President of Capital Markets; and Daniel Landy, Executive Vice President. It is now my pleasure to turn the call over to UMH's President and Chief Executive Officer, Samuel Landy.

Samuel A. Landy
President, CEO & Director

Thank you, Craig, and good morning, everyone. We are pleased to report solid operational results for the quarter, which we expect to continue to grow throughout the year. Normalized FFO for the first quarter of 2026 was $0.23 per share, as compared to $0.23 per share last year. Our earnings per share were impacted by increased interest rates and increased investment in rental units and expansion lots, which are not yet occupied. Additionally, we faced seasonal headwinds, which impacted our sales volume and increased our community operating expenses. During the quarter, occupancy improved meaningfully, same property NOI grew by 7%, and home sales revenue was stable. These gains were partially offset by higher interest costs associated with refinancing debt, bringing expansion lots online, adding rental homes and the seasonal impact on home sales and operating expenses, which together moderated earnings per share growth.

Normalized FFO per share came in essentially in line with last year's first quarter, reflecting the strength of our core rental business, offset by those financing and seasonal pressures. As we continue to fill rental homes and generate increased sales profits, our earnings should increase in the quarters to come. We have invested in rental homes, expansions and acquisitions for which we currently incur interest expense, but will later become accretive to earnings. The fundamentals of our business remain strong with growing occupancy and improving community operating results. We are tightening our NFFO guidance range to $0.98 to $1.04 per share, or $1.01 per share at the midpoint, compared to our previous guidance of $0.97 to $1.05 per share.

UMH continues to experience strong demand throughout our portfolio of quality manufactured housing communities. This demand is being translated into increased occupancy rates and improved community operating results. During the quarter, overall occupancy improved by 184 units to approximately 88%. This increase was the result of the conversion of 166 homes from inventory to revenue-producing rental homes and an increase in occupancy of our existing rental homes. Additionally, sales of manufactured homes increased by 6% to $7.1 million for the quarter. This increase in sales includes the sales at Honey Ridge, which is owned through our joint venture with Nuveen. We continued to execute our long-term strategy of driving organic growth across our high-quality manufactured home communities. This organic growth translates to increased property values and, over time, increased earnings.

Rental and related income grew to $59.5 million for the quarter, representing a 9% increase over last year. Sales for the quarter were $7.1 million, including the sales at Honey Ridge, representing a 6% increase over the first quarter of last year. Our same property results continue to demonstrate the effectiveness of our long-term business plan. We generally acquire underperforming communities with vacancies and in need of capital improvements. Our team and our platform have proven time and time again that we can preserve and increase the supply of affordable housing while delivering solid and sustainable operating results. In the first quarter of 2026, we delivered same property revenue growth of 7.6% or $4.1 million, and same property NOI growth of 7.1% or $2.3 million. This growth in same property revenue and same property NOI was driven by site rent increases of 5% and the increase in occupancy of 412 units over last year.

Our expenses were elevated as a result of the bad winter as well as an increase in real estate taxes. This increase in community NOI substantially increases the value of our communities and our portfolio. We can realize this increase in value through our refinancing efforts, which generate additional capital to invest in our platform. Our occupancy gains continue to be driven by the successful implementation of our rental home program. During the quarter, we added and rented 166 new homes across our portfolio, including those in our joint venture communities, bringing our total rental home inventory to approximately 11,200 units with a 94.6% occupancy rate. Our home rental program continues to operate efficiently with a turnover rate of approximately 20%. Our expenses per unit per year are approximately $400.

Our capitalized turnover costs vary, but we are generally able to increase rents to earn 10% on any additional investment in rental homes. We are well positioned to fill 800 or more new rental homes this year. We currently have 80 homes on site and ready for occupancy, 400 homes being set up and 160 homes on order. The 480 homes that are on site have already been paid for and once occupied, each home increases revenue and starts to earn our expected return on investment. Our home sales business also performed well despite the challenging winter, generating a 6% increase from $6.7 million in gross sales in the first quarter of 2025 to $7.1 million for the current quarter, including contributions from our new Honey Ridge community in our joint venture with Nuveen Real Estate.

During the quarter, we financed 63% of our home sales, including sales at Honey Ridge. Our notes receivable portfolio continues to perform well. We have acquired and developed communities in strong locations, which should allow us to further increase our gross sales and sales profitability in the coming quarters. On the expansion and development front, we plan to develop 300 or more sites in 2026. Over the past 4 years, we have developed an average of approximately 200 sites per year. Expansions greatly increase the value of our existing communities. A larger asset generally operates with better margins as a result of economies of scale. We currently have $45 million invested in 600 vacant, well-located expansion sites that have been developed over the past few years. These sites will allow us to grow home sales revenue and community operating income.

These sites have been paid for, so each site we occupy will increase revenue with limited additional investments. The interest is already being expensed. Additionally, these expansion sites are well located and have the potential to greatly increase our sales and sales profits. As we fill our recently developed sites, our earnings can grow substantially. Expansions and development require patient capital, but lead to strong returns over time. We will continue to work on expanding our existing communities in addition to exploring the highest and best uses of our vacant land. UMH is well positioned to capitalize on the progress we have made on our investments over the past few years. We have well-located communities that are experiencing strong demand, which should result in increased occupancy, revenue and sales.

Our communities in the Marcellus and Utica Shale areas continue to experience strong tailwinds as a result of the additional investment in these areas. Additionally, we are starting to see more interest in the leasing of our oil and gas rights, which can result in additional revenue. We have built a best-in-class operating platform that continues to produce results year after year. The fundamentals of our business remain strong, there is pent-up demand for affordable housing, and our product serves that need in each market that we operate in. Our quality income stream is derived from our 24,000 families that have chosen to make UMH communities their home. This income stream has proven resilient through all economic cycles.

As we move through the stronger spring and summer selling season, we remain confident in our ability to deliver full year normalized FFO per share growth in the mid-single-digit range, which, if coupled with our current dividend yield, can easily drive a double-digit total return for our investors. Our communities are well positioned, our balance sheet is solid, and our team continues to perform at a high level. Overall, these accomplishments demonstrate the resilience and growth potential of our business model. I'll now turn the call over to Anna Chew, our CFO, to review our financial results in more detail.

Anna T. Chew
Executive VP, CFO, Treasurer & Director

Thank you, Sam. Normalized FFO, which excludes amortization and nonrecurring items, was $19.4 million or $0.23 per diluted share for the first quarter of 2026 compared to $18.8 million or $0.23 per diluted share for 2025, resulting in a 3% increase on a dollar basis and remaining flat on a diluted per share basis. Rental and related income for the quarter was $59.5 million compared to $54.6 million a year ago, representing an increase of 9%. This increase was primarily due to acquisitions made in 2025 and increase in same property occupancy, the addition of rental homes and an increase in rental rates. Community operating expenses increased 10% during the quarter. This increase was mainly due to the acquisitions made in 2025, an increase in payroll and related costs, real estate taxes and water and sewer expenses. Our community net operating income, or NOI, which is our rental and related income less our community operating expenses, increased 8%.

Our same property results continue to meet our expectations. Same property income increased by 8% for the quarter, and despite the 8% increase in community operating expenses, community NOI increased by 7% for the quarter from $32.6 million in 2025 to $34.9 million in 2026. As we turn to our capital structure, at quarter end, we had approximately $760 million in debt, of which $554 million was community-level mortgage debt, $28 million was loans payable, $102 million was our 4.72% Series A bonds and $76 million was our 5.85% Series B bonds. Total debt was 99% fixed rate at quarter end with a weighted average interest rate of 4.92%. The weighted average interest rate on our mortgage debt was 4.75% at quarter end compared to 4.18% at quarter end last year.

The weighted average maturity on our mortgage debt was 5.9 years at quarter end and 4.2 years at quarter end last year. In this volatile interest rate environment, the weighted average interest rate on our short-term borrowings was 15 basis points lower at 6.35% at the current quarter's end as compared to 6.5% at quarter end last year. At quarter end, UMH had a total of $325 million in perpetual preferred equity. Our preferred stock, combined with an equity market capitalization of over $1.2 billion and our $760 million in debt results in a total market capitalization of approximately $2.3 billion at quarter end. During the quarter, we issued and sold 66,000 shares of our Series D preferred stock under the 2025 preferred ATM program at a weighted average price of $22.51 per share, which generated gross and net proceeds after offering costs of $1.5 million.

The company also received $2.4 million, including dividends reinvested through our DRIP. During the quarter, we did not sell any shares of our common stock under the September 2024 common ATM program. From a credit standpoint, we ended the quarter with net debt to total market capitalization of 31.2%, net debt less securities to total market capitalization of 30.1%, net debt to adjusted EBITDA of 5.5x and net debt less securities to adjusted EBITDA of 5.3x. Interest coverage was 3.1x and fixed charge coverage was 2.1x. From a liquidity standpoint, we ended the quarter with $37.4 million in cash and cash equivalents and $260 million available on our unsecured revolving credit facility with a potential total availability of up to $500 million pursuant to an accordion feature.

Our unsecured revolving credit facility expires in November, and we are currently working on a renewal of this facility. We also had $183 million available on our other lines of credit for the financing of home sales and the purchase of inventory and rental homes. Additionally, we had $26.4 million in our REIT securities portfolio, all of which is unencumbered. This portfolio represents only approximately 1.2% of our undepreciated assets. We are committed to not increasing our investments in our REIT securities portfolio and have, in fact, continued to sell certain positions. We are tightening our NFFO guidance range to $0.98 to $1.04 per share or $1.01 per share at the midpoint compared to our previous guidance of $0.97 to $1.05 per share. We are well positioned to continue to grow the company internally and externally. And now let me turn it over to Gene before we open it up for questions.

Eugene W. Landy
Founder & Chairman of the Board

Thank you, Anna. UMH continues on our mission to provide the nation with high-quality affordable housing and doing so while generating strong and growing returns for our shareholders. We have made immense progress over the years building a great portfolio of manufactured housing communities that our existing tenants and our new tenants are proud to call home. We improve our communities by upgrading the collective communities through infrastructure projects, the addition of amenities, security best practices and, further, through the expansion of our communities. We are proud to say that each asset we own is in better condition today than the day we bought it.

Over the company's history, we have experienced several economic cycles across our portfolio. And the manufactured housing industry has performed well throughout all of them. Our communities have strong demand in times of economic prosperity and in times of recession. While interest rates have fluctuated over the past few years, our communities still experienced strong demand, have experienced growing occupancy and sales and collections have remained strong. Our earnings have been impacted by rising interest rates, completion of expansions and adding to the rental inventory, which triggers added interest expense and seasonal fluctuations in sales and operating expenses.

We believe that we are poised for meaningful earnings growth this year, and as such, we have tightened our guidance. Housing is a bipartisan issue with bipartisan support. There is pending legislation that will strengthen the manufactured housing industry. The pending legislation has the potential to improve the availability of financing for our tenants through changes to the Title I program as well as remove the requirement that a manufactured home has to be on a permanent chassis.

We've already made a substantial progress through the innovation of single-section and multi-section duplex homes. Additionally, we are hopeful that as we develop more communities, local municipalities will see the benefit of manufactured housing and ease burdensome regulatory requirements that have made getting entitlements nearly impossible. UMH and the manufactured housing industry are at an exciting time with many possibilities. We have positioned the company to benefit from these changes and anticipate substantial growth of the company and our earnings in the near future. Thank you again for joining us today. Operator, we are now ready to take questions.

Question and Answer

Operator

[Operator Instructions] The first question will come from Gaurav Mehta with Alliance Global Partners.

Gaurav Mehta
Alliance Global Partners, Research Division

I wanted to ask you on your same property NOI and some of the comments around the impact of winters on the same property expenses. So on a normalized basis, do you still expect to deliver same-store NOI in high single-digit and low double-digit range, as you mentioned on the last earnings call?

Brett Taft
Executive VP & COO

Yes, sure, Brett here. And yes, as you mentioned, it was a tough winter, Pennsylvania, Ohio, Indiana and New York, even Tennessee had deep freezes and extended periods of below freezing temperatures, which obviously impacts our water and sewer. It impacts our maintenance overtime dealing with freeze-ups. We had a lot of snow and a lot of snow removal related charges. So overall community operating expenses were 8.2%. I do want to point out that last year, our community operating expenses in the first quarter were also elevated in about the 7.5% range.

So this year was a little bit higher, but largely in line. We're very happy with the occupancy growth and the revenue growth we were able to produce in the first quarter. And as we go throughout the rest of the year, we expect that expense growth to moderate. We've always pointed out that we expect expenses to grow in the 5% to 7% range, nothing changes there, and we're absolutely confident in our ability to deliver high single-digit same property NOI growth.

Samuel A. Landy
President, CEO & Director

One of the things we think about, like why is somebody short 3 million shares of UMH Properties? And I don't know what they see or think they see that we see differently. Our 3,240 vacant sites represent incredible opportunity to increase sales and rental revenue, and that will come to the bottom line. And to me, it's reasonable to believe someday, in the near future, we'll sell 320 homes in a year at $150,000 average price and gross $48 million in sales. So we remain incredibly optimistic, but obviously, somebody else is pessimistic.

Gaurav Mehta
Alliance Global Partners, Research Division

As a follow-up, I want to ask you on the home sales. Have you seen -- in the earnings press release, I think you talked about expectation of sales growth as we go into peak selling season. I'm just wondering if you could comment on the trends that you saw in April for home sales.

Brett Taft
Executive VP & COO

Yes. The trends in the portfolio look very good. Including Honey Ridge for the first quarter, sales were up year-over-year. Again, sales are absolutely impacted by the cold winter and everybody's ability to move. Our April sales were very strong. They're coming in at about $3.5 million. So we're very happy with that. Our pipeline remains in good shape. We've got a lot of inventory that's now ready for sale or just about ready for sale at a lot of the expansions that we've recently opened.

And as Sam mentioned on the call, we've got several hundred expansion sites built over the past few years that should all generate increased sales in the second and third quarter. I do also want to point out that our New Jersey communities and some of our Eastern Pennsylvania communities were impacted by the winter, but we're expecting and we're seeing a very strong sales pipeline at those locations. Sales in the second quarter of last year were about $10.5 million. We're on track through April. Obviously, there's a long way to go, but we remain confident in our ability to grow sales in the second quarter and year-over-year.

Operator

The next question will come from Craig Kucera with Lucid.

Craig Gerald Kucera
Lucid Capital Markets, LLC, Research Division

There was a pretty significant swing in your marketable securities portfolio, not much of an impact on a net basis, but can you give us some color on what was going on there.

Anna T. Chew
Executive VP, CFO, Treasurer & Director

Yes. Craig, it's Anna. We had written off one security. And if you think about it, it was already written down in our unrealized gain line -- unrealized gain and loss line. So we just wrote it down -- physically wrote it down, so we moved it from the unrealized to the realized. So that's all it was.

Craig Gerald Kucera
Lucid Capital Markets, LLC, Research Division

Okay. That's helpful. Changing gears, are there any critical materials sourced from the Middle East that are a component for manufactured housing development or maybe aluminum or plastics? Are most of those materials sourced elsewhere?

Samuel A. Landy
President, CEO & Director

At this moment, everything I've heard about supply has remained no issues and no material increases. What do you think, Brett?

Brett Taft
Executive VP & COO

Yes. No, same point here. The main thing that I follow there is the backlog we're seeing from our manufacturers. While they've increased a little bit, I think, generally, we're still able to get homes in that 6- to 8-week range. So with limited price increases, I mean, there are some price increases. But overall, it's pretty stable home ordering environment. We're comfortable with where we are. And if anything changes, we'll get back to you.

Samuel A. Landy
President, CEO & Director

And we believe, in the long term, efficiencies of factory-built houses that the factory-built homes will in comparison to all other forms of housing, reduce the cost per house based on efficiencies of manufacturing.

Craig Gerald Kucera
Lucid Capital Markets, LLC, Research Division

Got it. And just one more for me. I mean it was a quiet quarter from a capital raising perspective. You worked down your cash balance. Last year, you funded yourself primarily with debt. How are you thinking about funding the 2026 budget? I mean is that mostly line of credit? I know you've got about $38 million of mortgages that are maturing, but just curious to get your thoughts on that.

Anna T. Chew
Executive VP, CFO, Treasurer & Director

Well, it all depends on our capital needs, right? As we always say, we always need about $120 million to $150 million on an annual basis to do our business plan. We do plan on refinancing about -- as you said, about $38 million in mortgages. When we refinanced last year, we were able to take out $100 million in additional capital. Now that won't happen again this year because, again, there's less mortgages that are coming due. However, we do have approximately 60 communities that are free and clear. We have on hand about $40 million. We have unsecured line of credit of $260 million, which, with an accordion feature, will go to $500 million. We have a rental home line. We have notes receivable line. So all in all, we believe that we will be able to obtain the capital necessary. And it all -- again, it all depends on our share price. It all depends on the market, what the interest rates will be when we need that capital.

Eugene W. Landy
Founder & Chairman of the Board

We have to understand that UMH is a unique company. We have a mission statement we really believe in. The nation needs housing. There's a shortage. The government's recent figures were 100 million -- 10 million units, and we used to figure they need 6 million units, so 4 million units. Whatever the number we have to reach to meet that shortage, we're not doing it. There'll be fewer homes built in 2026 than they were in 2025, but that's not the case with UMH. Our mission statement is to provide housing. We believe we have a definite advantage in the housing we have. We build houses in factories and ship them to communities. We have to create the communities, and we have to have the capital to do it, and we're using every means we can to expand the company. And we plan it -- we have units that we want to build in Tennessee, in Florida, in New York. So we are constantly seeking ways to profitably grow this company and it's important to the company because in the long run, investing in housing is a good investment, and it's something the nation needs.

Operator

The next question will come from John Massocca with B. Riley.

John James Massocca
B. Riley Securities, Inc., Research Division

Maybe starting on the regulatory front, how does the removal of the chassis requirement rules impact UMH, if at all?

Samuel A. Landy
President, CEO & Director

Yes. It's not complete yet, but as we've gone to duplex homes, there never used to be such things as one-bedroom manufactured homes. And in apartments, you did 1-bedroom studio, 2-bedroom, 3-bedroom, 4-bedroom. Manufactured housing was 2-, 3- and 4-bedroom. Now the duplexes give us one bedroom, which there's substantial demand for, and allows us to obtain 2 rents from 1 lot, which can increase revenue. The removal of the chassis will allow 2-story homes.

And those 2-story homes will allow bigger families to occupy the same size lot, the 5,000 square foot lot. And there's additional potential that those 2-story homes could be duplex. So 2-story is a really big deal. Manufactured home communities are built for HUD code houses. And the municipality has to allow whatever the HUD code allows. So this will allow 2-story homes in the communities, which can be a really big deal depending on location.

Eugene W. Landy
Founder & Chairman of the Board

You build 2,000 square feet of homes instead of 1,000 square feet on the same piece of land, so very, very important development. When you buy communities that are older, it gives us a means of taking out these older homes and putting in twice as much space. So the space is more valuable. This is a change that's going to help every manufactured home community out in the country, and it's going to help the residents because we can provide new and improved housing in the spaces where we had older and obsolete housing and put a better product in. So it's really a major change for the industry. And I'd really like to thank you for that question.

John James Massocca
B. Riley Securities, Inc., Research Division

Does it impact the cost? Because the home is not on the ground. Does it impact the cost of installation of new homes and the pace at which you can kind of add new homes to existing communities? Or is that kind of just a net -- the removal of the chassis doesn't really change that per se?

Samuel A. Landy
President, CEO & Director

Well, so removing the chassis can allow the house to be at ground level, which is very appealing to 55 and older who don't like walking up steps. So that helps there. Removing the chassis reduces the cost of each unit by $3,000 or more, but then there's increased setup costs, which those will be worked out over time. Efficiencies will develop in setting up the houses. We've always found setting up 10 homes as opposed to one home at a time, you can save money because you have all the crews ready to do everything and you can reduce the cost per house. So I assume it'll be the same thing when you get rid of the chassis. In the beginning, there'll be inefficiencies of the added cost of setting up homes without a chassis, but eventually, that will get worked out.

John James Massocca
B. Riley Securities, Inc., Research Division

Okay. And then is there anything else you're seeing on the regulatory front that could change here in the near term, especially in terms of maybe financing for manufactured homes?

Samuel A. Landy
President, CEO & Director

Well, exactly. And we have more than $100 million in loans outstanding. We have more than 11,000 rental homes and many developments are occurring that could make it more favorable for people already renting homes or others to purchase our rental units or purchase additional houses or for outside finance sources such as Fannie, Freddie, and then I'm learning about in Pennsylvania, there's government programs. People may want to do these loans. And if they do the loans, homes we already sold where we have the loan, somebody could refinance and pay us off. That would be cash to us. We could be selling the rentals under a Title I program or other programs, which would be cash to us.

So everything you read about in the Wall Street Journal pertaining to improving credit scores, finding other ways to determine people's credit that will increase loan approvals, that's beneficial to us. Title I is beneficial. It's 3% down. They're going to increase the loan limits. Fannie and Freddie are trying to do more on the affordable housing front. So all of these things factor in to help increase our sales, sell off existing loans and sell rental homes.

John James Massocca
B. Riley Securities, Inc., Research Division

Okay. Maybe switching gears a little bit. As I think about some of your assets in the Southeast that tend to be a little bit more value-added purchases, especially with some of those not being in the same-store pool. How are you kind of thinking about the pace or the potential pace of lease-up at those assets as we come into kind of peak leasing/selling season?

Samuel A. Landy
President, CEO & Director

So Daniel Landy, why don't you tell them how we're doing on the OZ Fund properties and a little bit about the new video that's going to come out and how positive it is.

Daniel Landy
Executive Vice President

Yes. So for the OZ Fund properties, one in Georgia and one in South Carolina, both of them have really great demand. The one in Georgia right now, the leasing pace has been around 4 or 5 homes a month. So I think we'll keep doing that. The one in South Carolina, we have an incredible waiting list and everything -- every home we have set up there is full. We're just right now -- there's a north section that we're trying to get expansions and approvals for, looks like we'll be getting that, so we'll have a big infill there. And we're going to come out with a video showcasing what we're doing in the current OZ Fund and in the South, and it will really give you investors a really great feel of the positive impact we've made there, the housing supply we've increased and the level of demand in the Southeast. Yes, South Carolina, I think, is the fastest-growing state in the U.S., and we've done a really good job filling everything we can fill right now, and we're going to keep expanding there.

Operator

The next question will come from Rich Anderson with Cantor Fitzgerald.

Jeffrey Patton-Huan Carr
Cantor Fitzgerald & Co., Research Division

This is Jeffrey Carr on for Rich. Just wanted to ask about same property occupancy. It looks like it ticked up about 110 bps from last year to 89%. In your view, what's the kind of realistic ceiling or target that you might have for occupancy across the portfolio? And are there any markets that you feel like have the most room to run from this point?

Brett Taft
Executive VP & COO

Yes. Good question, first of all, and we're very happy with what we've been able to accomplish. I think, but I'm not positive this is a peak of same property NOI (sic) [occupancy] as long as I've been here. So it's nice to get there and it's really a function of going out purchasing properties. We know what the problem was when we purchased them. We made the improvements to the communities. We make them nicer and safer places to live and then we start to implement the rental home program. Just to add some color there, we currently have 430 homes on site.

Some of them are ready for occupancy. Some of them we're working on getting ready for occupancy. That is all low-hanging fruit that should allow us to continue to grow occupancy into the second and third quarters. I don't see any reason why, in the near term, call it, the end of the year, we can't get above 90% occupancy. I think that's a very realistic goal. You've always got some move-outs and some home removals that goes along with some of these home installations. So it does offset the occupancy growth a little bit, but by and large, we've done the majority of that work, and I do expect a lot of occupancy upside here going forward.

As far as regions that are doing very well, Ohio has really led the company over the past few years in occupancy growth. And the good news is we still have quite a few vacant sites at some of our communities that are the best performers. We expect that to continue. Pennsylvania actually had a pretty slow first quarter, but I think that was largely impacted by the winter. And when we're out there working with our community managers and our regional managers, we're expecting a nice uptick in occupancy there. Indiana has always been solid, and we've got some nice expansion sites that we're filling at a pretty rapid clip. And then I just can't leave Tennessee out because Tennessee, albeit a smaller portion of the portfolio, always has very strong demand and always fills quite a few sites. The issue in Tennessee is we ran out of sites, but the good news is we've been developing expansion sites. We've got about 50 sites left at our Holiday Village expansion.

We're about to complete the next phase of our Duck River expansion, which, in the short term, will give us 40 new lots to fill. And then we just built 55 units at River Bluff, which is adjoining Allentown. And on top of that, we have another 100 units that were just completed at Memphis Blues. So really throughout the portfolio, demand is strong. I would just add that New York really does have a very seasonal impact because of the weather up there. Our occupancy in New York right now has rebounded and we're in very good shape up there. So I hate to say we're doing well everywhere. Actually, I'd love to say we're doing well everywhere, but really across the board, we're seeing strong demand, and we're filling a lot of units.

Eugene W. Landy
Founder & Chairman of the Board

Just to give an example, when the mayor of Memphis said that they need 10,000 affordable homes, and the only people building them there right now are UMH and we're expanding there rapidly and we have a lot of extra land, we plan to buy some more land. And I don't know if we're in the third section, we're going to the fourth section. Memphis is a sleeper. We did very well picking Nashville. Now I think Memphis is going to be an excellent area to develop affordable housing.

Jeffrey Patton-Huan Carr
Cantor Fitzgerald & Co., Research Division

Okay. Great. And just as a follow-up, can you walk us through the puts and takes on interest expense for the rest of the year? Just wondering if Q1 is the peak or if we should expect this level to kind of persist throughout 2026.

Anna T. Chew
Executive VP, CFO, Treasurer & Director

I believe that it is pretty much the same that we will expect throughout the year. I don't believe that we will have any big increases in interest expense or big decreases at this point.

Samuel A. Landy
President, CEO & Director

Important to note, if I remember the numbers right, which I think I do, $600 million of the increased interest expense is from refinancing at a higher rate. The rest of the interest expense is from adding rental units and building lots, which cannot possibly earn money until they're occupied and they are now, at this moment, becoming occupied and will become occupied throughout the year. So to me, you have the maximum interest expense without revenue that you will have during the year.

Brett Taft
Executive VP & COO

Yes, that's generally correct. I just want to point out that last year, we had about $117 million in debt that was refinanced. It was at 4% at the time that it was being paid off. That increased to about 5.65% on average, which increased the interest cost on that batch by just about $2 million, just over $2 million, if I remember correctly. On top of that, we did increase the mortgage debt. So that was another $4 million in interest and then we did the Israeli bonds. So that's why interest is...

Anna T. Chew
Executive VP, CFO, Treasurer & Director

But we don't believe that there will be any large fluctuations throughout the rest of the year.

Operator

This concludes our question-and-answer session. I would like to turn the conference back over to Samuel Landy for any closing remarks.

Samuel A. Landy
President, CEO & Director

Thank you, operator. I would like to thank the participants on this call for their continued support and interest in our company. As always, Gene, Anna, Brett and I are available for any follow-up questions. We look forward to reporting back to you in early August with our second quarter 2026 results. Thank you.

Operator

The conference has now concluded. Thank you for attending today's presentation. The teleconference replay will be available in approximately one hour. To access this replay, please dial U.S. toll-free 1 (855) 669-9658 or international (412) 317-0088. The conference access code is 2161306. Thank you, and please disconnect your lines.