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UMH Properties, Inc. NYSE:UMH

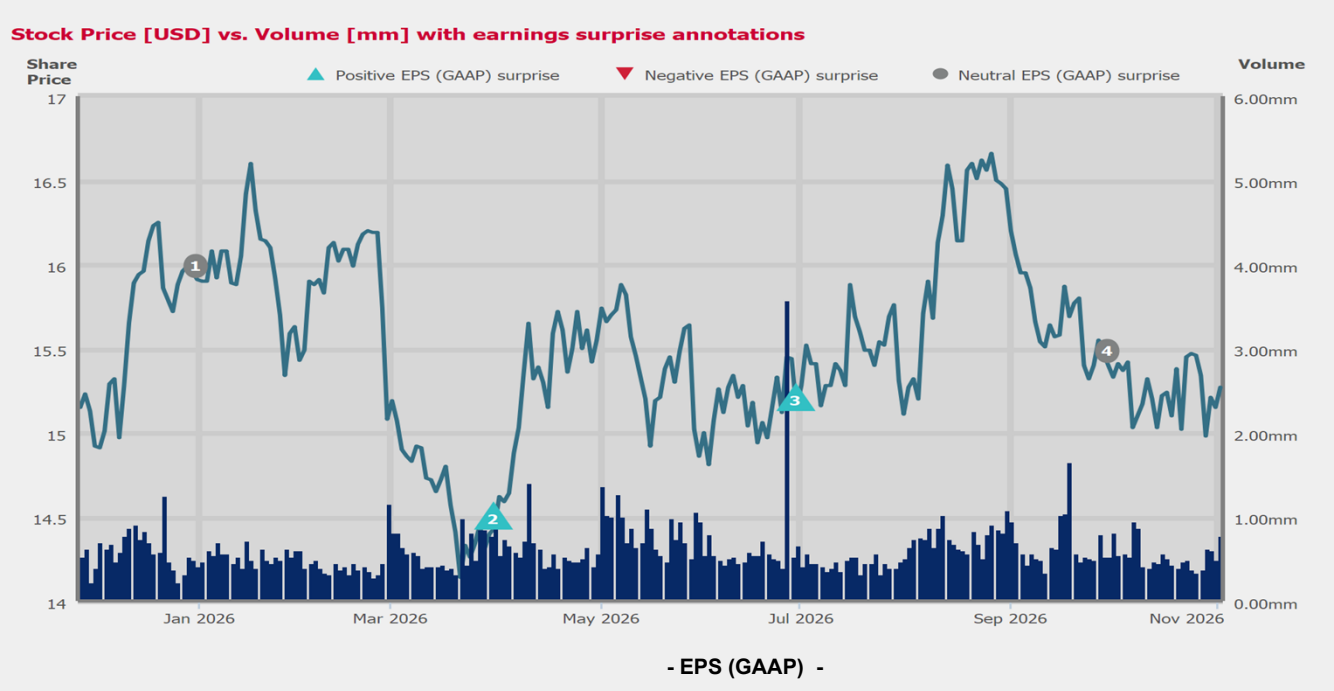
FQ3 2026 Earnings Call Transcripts

Tuesday, November 3, 2026 3:00 PM GMT

S&P Global Market Intelligence Estimates

	-FQ3 2026-			-FQ4 2026-	-FY 2026-	-FY 2027-
	CONSENSUS	ACTUAL	SURPRISE	CONSENSUS	CONSENSUS	CONSENSUS
EPS (GAAP)	0.04	(0.02)	NM	0.04	0.15	NA
Revenue (mm)	72.61	74.14	2.11	73.13	283.46	NA

Currency: USD
Consensus as of Nov-03-2026 12:07 PM GMT



- EPS (GAAP) -

	CONSENSUS	ACTUAL	SURPRISE
FQ4 2025	0.04	(0.01)	NM
FQ1 2026	0.01	0.03	1 200.00 %
FQ2 2026	0.03	0.05	2 66.67 %
FQ3 2026	0.04	(0.02)	NM

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Call Participants

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Founder & Chairman of the Board

Kevin S. Miller
Executive VP, CFO & Treasurer

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

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Presentation

Operator

Good morning, and welcome to UMH Properties Third 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. 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 third quarter supplemental information presentation. This supplemental information presentation, along with our 10-Q, are 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 third 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 cautionary 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; Kevin Miller, 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. The history of the manufactured housing industry involves companies that manufacture homes, finance homes and build, own and/or operate communities as well as companies that do various combinations of all of the above. Well before UMH's entry into the industry in 1968, quality affordable housing has always been a national, state and local issue.

From the year 2000 to date, UMH has grown annual revenue 1,491% to a current annualized revenue of $296.5 million, increased our number of communities 504% from 24 communities to 145 communities and increased our homesite count from 5,759 to 27,300, a 375% increase, of which 11,400 are rental homes that we own. The reason I chose to begin today's earnings call with this information is because in the very near future, we believe the value of our holdings and the value of the entire manufactured housing industry will materially change as a result of the ROAD to Housing Act and the Opportunity Zone Fund incentives to build and rehabilitate communities.

From 2011 to date, UMH has occupied 11,400 sites by using rental homes that now gross approximately $143 million per year. In the near future, our home sales should become a larger driver of revenue and community occupancy. I believe the ROAD to Housing Act is the most significant beneficial change for our industry since UMH was founded in 1968. The ROAD to Housing Act creates: a, 2-story homes. This innovative product allows UMH to obtain more square footage on each lot, greatly improving the value of our communities and the achievable rents at each location. These homes should also drive higher sales volume and improve our sales profitability. B, low-dollar-amount loans. Readily available affordable loans for the purchase of new and used manufactured homes dramatically changes the business of owning and operating communities. It should be very beneficial to our residents and our shareholders.

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I have focused on our long-term results and view 2027 as a new beginning primarily because of the ROAD to Housing Act and Opportunity Zone amendments, but also because of: a, the Micron chip plant, which is located within 2 miles of Woodland Manor in Oswego County, New York, a 148-space community with approximately 120 acres to expand. We expect to begin construction of the expansion in 2027; b, the rail, water and road infrastructure projects surrounding our communities in Memphis; c, the natural gas pipeline projects coming online in 2027, which should increase demand for our communities and land in the Marcellus and Utica Shale area; d, the new $4 billion Audi plant in Georgia, which is part of our Southern strategy, recognizing the widening of the Panama Canal and full usage of California ports should result in significant growth in the Southeastern United States; e, U.S. Steel's $3 billion investment in Southwestern Pennsylvania, where we have over 25 communities within a 50-mile radius.

We hope our shareholders will take the time to read our annual report, which provides significant detail regarding our 145 communities where we expect to earn increases in income from: a, the rental of lots; b, the rental of homes; c, the sale of homes; d, the brokering of homes; e, loan origination and servicing; f, vacant land sales; g, cable service agreements; h, self-storage rentals; and i, the leasing of mineral rights in the Marcellus and Utica Shale areas.

And now I will turn the call over to Kevin to review our financial results from the quarter in more detail.

Kevin S. Miller
Executive VP, CFO & Treasurer

Thank you, Sam. Normalized FFO, which excludes amortization and nonrecurring items, was $22.1 million or $0.26 per diluted share for the quarter ended September 30, 2026, as compared to $21.3 million or $0.25 per diluted share for the quarter ended September 30, 2025, representing a 4% increase on both a dollar basis and on a per diluted share basis. In addition, normalized FFO on a per diluted share basis increased 4% sequentially from the second quarter of 2026.

Rental and related income for the quarter was $62.4 million compared to $57.8 million a year ago, representing an increase of 8%. This increase was primarily due to acquisitions made in 2025, an increase in same-property occupancy, the addition of rental homes and an increase in rental rates. Community operating expenses increased 5% during the quarter. This increase was mainly due to acquisitions made in 2025, an increase in payroll and related costs, real estate taxes, insurance 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 10%. The number of occupied rental homes increased 6% from approximately 10,100 homes as of the end of last year's quarter to 10,800 homes as of the end of the current quarter. Overall occupancy improved by 68 units to 88.4%. For the first 9 months of the year, overall occupancy increased by 336 units and increased by 418 units since September 30 of last year. Additionally, sales of manufactured homes broke another quarterly record and increased by 29% to $12.8 million for the quarter. This increase in sales includes the sales of Honey Ridge, which is owned through our joint venture with Nuveen.

We continue 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 increased earnings. Our same-property results continue to meet our expectations. Same-property income increased by 8% for the quarter and same-property operating expenses increased 5%, resulting in our same-property NOI increasing 10% for the quarter from $34.2 million in 2025 to $37.5 million in 2026.

Same-property occupancy increased 30 basis points from 88.5% as of the end of last year's quarter to 88.8% at the end of the current quarter. This growth in same-property revenue and same-property NOI was driven by site rent increases of 4.4% and the increase in occupancy of 385 units over last year. Year-to-date, same-property NOI has increased by 8.6% or $8.7 million. This increase in community NOI substantially increases the value of our communities and our portfolio.

During the quarter, in August, we secured a new Fannie Mae mortgage for one of our communities for total proceeds of approximately $10.2 million. This interest-only loan is at a fixed rate of 6.03% with a 10-year term. Prior to securing a new mortgage for this community, we paid off the previous mortgage during the second quarter for $2.8 million, resulting in net proceeds of $7.4 million.

As we turn to our capital structure, at quarter end, we had approximately $850 million in debt, of which $543 million was community-level mortgage debt, $128 million was loans payable, $102 million was our 4.72% Series A bonds and $76 million was our 5.85% Series B bonds. Our total debt at quarter end had a weighted average interest rate of 4.98%, and 87.5% of our total debt is at a fixed rate. The weighted average interest rate on our mortgage debt was 4.79% at quarter end compared to 4.58% at quarter end last year.

The weighted average maturity on our mortgage debt was 5.7 years at quarter end and 5.8 years at quarter end last year. In this volatile interest rate environment, the weighted average interest rate on our short-term borrowings was 101 basis points lower at 5.48% at the current quarter end as compared to 6.49% at quarter end last year.

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At quarter end, UMH had a total of $339.5 million in perpetual preferred equity. Our preferred stock, combined with an equity market capitalization of over $1.3 billion and our $850 million in debt, results in total market capitalization of over $2.5 billion at quarter end. During the quarter, we issued and sold 245,000 shares of Series D preferred stock under our preferred stock ATM program at a weighted average price of $21.69 per share, which generated net proceeds after offering costs of $5.2 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 our ATM program. In fact, we have not sold any shares under our common ATM program since early September 2025, which is over a year ago.

From a credit standpoint, we ended the quarter with net debt to total market capitalization of 32.4%, net debt less securities to total market capitalization of 31.4%, net debt to adjusted EBITDA of 5.9x and net debt less securities to adjusted EBITDA of 5.7x. Interest coverage was 3.2x, and fixed charge coverage was 2.1x. From a liquidity standpoint, we ended the quarter with $38.2 million in cash and cash equivalents and $160 million available on our unsecured revolving credit facility with a potential total availability of up to $600 million pursuant to an accordion feature.

We also had $181 million available on our other lines of credit for financing of home sales and the purchase of inventory and rental homes. Additionally, we had $25.6 million in our REIT securities portfolio, all of which is unencumbered. This portfolio represents only 1.1% of our undepreciated assets. Since 2010, including dividends, we have netted over $59.1 million in gains from our securities portfolio. Other than purchasing marketable equity securities through automatic dividend reinvestments, we have not made any purchases of REIT securities since 2022.

In addition, 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 normalized FFO guidance range to $0.99 to $1.03 per share from $0.98 to $1.04 per share, keeping our midpoint unchanged at $1.01 per share. Our earnings continue to increase each quarter, and we are well positioned to continue to grow the company, both internally and externally.

And now let me turn it over to Gene before we open up the call for questions.

Eugene W. Landy
Founder & Chairman of the Board

UMH continues on our long-standing mission to provide the nation with high-quality affordable housing while generating strong and growing returns for our shareholders. We have built one of the best portfolios of manufactured housing communities in the country, great communities in excellent locations that our existing and new residents are proud to call home. Our performance this quarter was strong, reflecting the effectiveness of our long-term business plan of acquiring and improving value-add communities, building expansions and new communities and our best-in-class operating platform that continues to deliver industry-leading results year after year.

We have adapted successfully through every economic cycle, and the fundamentals of our business remain excellent. With 3,100 vacant sites and 2,400 acres of vacant land, we are well positioned to grow earnings through the infill of these sites and the development of our land. We have always operated with good faith and fair dealing toward our tenants. We believe it is absurd to push maximum rents. Our residents should feel satisfied and share in the upside provided by our attainable housing solution. By taking a long-term view, looking not just at this year's results, but at the value we create over the next decade and beyond, we are able to keep our pricing reasonable today while sharing in the future appreciation with our residents. That approach has served both our communities and our shareholders well for more than 58 years. The 21st Century ROAD to Housing Act represents a major and long-overdue improvement for our industry. By modernizing the definition of a manufactured home, removing the permanent chassis requirement, updating the FHA Title I financing and easing outdated zoning and placement barriers, the legislation will lower cost, expand design possibilities, including multistory homes, improve access to financing and help increase the supply of high-quality affordable housing.

These changes align perfectly with what UMH has been doing and should accelerate the growth of both of our company and the broader manufactured housing industry. The future is brighter than ever before. Demand for quality affordable housing remains strong. Our communities and locations are excellent. Our platform is proven. Regulatory progress is finally supporting the industry, and we have the pipeline and the capital to continue expanding. We remain committed to providing homes our residents are proud of, treating them fairly and delivering solid long-term results for our shareholders. We thank you for your continued interest and support, and we look forward to reporting further progress in the quarters ahead.
Operator, we are now ready for questions.

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Question and Answer

Operator

The first question comes from Gaurav Mehta with Alliance Global Partners.

Gaurav Mehta
Alliance Global Partners, Research Division

I wanted to ask you on your debt maturities for 4Q and next year. Can you guys comment on where the interest rates are on expiring debt? And when do you expect to refinance that?

Kevin S. Miller
Executive VP, CFO & Treasurer

Yes, sure. So we have -- we're currently in the process of refinancing mortgage debt for 5 properties totaling around $74 million. The existing mortgages on those are about $31 million. So we'll net about $42 million. The interest rates are coming in higher. Some of the old debt is in the high 4s and the new debt is looking like in the low 6s.

Gaurav Mehta
Alliance Global Partners, Research Division

All right. As you think about funding your rental homes, expansions and improvements next year, can you comment on how we should expect your leverage to trend?

Kevin S. Miller
Executive VP, CFO & Treasurer

Yes. I mean, we feel like leverage is going to be going up slightly. The way the stock is trading right now, it's really not a good time to issue equity. So yes, we definitely don't want to overstep it. We're not going to go crazy and increase leverage too much, but we do see it trending a little higher in the short term.

Samuel A. Landy
President, CEO & Director

Sam here. [Until two years ago the GSE's were lending against our rental homes. There is a significant likelihood they will go back to directly financing our rental homes. Further with reduced loan regulations to promote lending under the new ROAD to Housing Act, we can now sell our rental homes.] And so as you bought these homes for $40,000 in 2011, potentially you could sell them for $60,000 all cash to us financed. And so when you buy the new home for $75,000, you need to only borrow $15,000 instead of the full $75,000 that we've been borrowing. So there's no way to know how many of those we'll do, but everything is truly encouraging in terms of the major change in the industry from 2026 to '27 as we go back to low-dollar-amount loans, readily available financing for both new and used manufactured homes in communities. It's a dramatic change and will eventually dramatically change our cash needs.

Gaurav Mehta
Alliance Global Partners, Research Division

All right. And then lastly, can you guys comment on what you guys are seeing in the home sales market? Are you seeing any impact of higher rates on home sales?

Brett Taft
Executive VP & COO

Yes, Brett here. Our home sales this year are going very well. As Kevin mentioned in his prepared remarks, we set another quarterly sales record of $12.8 million, which was up 28% over the quarter a year ago. Our sales pipeline remains incredibly strong in October. In October, we actually closed about $3.5 million in sales, which is a very good month for the fourth quarter. Additionally, we have over $7 million in sales pending in our pipeline. So we expect the fourth quarter to be another very strong sales quarter. I do not think the fourth quarter will break the previously set record in the third quarter. But as far as fourth quarters go, it should be very solid.

Operator

And the next question comes from Craig Kucera with Lucid Capital Markets.

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Lucid Capital Markets, LLC, Research Division

I think your gross margin on home sales have averaged about 36% for the past few years, but fell to 31% this quarter. Can you provide some color there? Was any of that related to mix shift during the quarter? Is that inflation-related? Just your thoughts there.

Brett Taft
Executive VP & COO

Yes, Brett again. It's a little bit of both. I mean we have seen some minor price increases coming from our manufacturers, which does eat into margin a little bit. Just to point out, our gross sales margin was still 30%. And on new home sales, we do target 30%. We're also in the early phases of some new expansions that just opened up. In the early years of an expansion, you're really not able to get those higher margins. So some of those new sales came in at a 20% to 25% margin, which reduced the overall from, I think it was 37% in the quarter last year to the 31% this year.

Craig Gerald Kucera
Lucid Capital Markets, LLC, Research Division

Got it. So it doesn't sound like that's going to revert back to that, call it, 36%, 37% level for at least a time period until the expansions mature a bit?

Samuel A. Landy
President, CEO & Director

It's difficult to say because there are new projects that are just starting to generate sales. When I say new projects, the phases are just opening. So that's Duck River. You see strong sales at Holiday. We're seeing strong sales in the Nashville market. New Jersey was waiting for us to get houses set up, which we're doing now. There's locations where we have really strong margins closer to 100% than 30%. And so everything in every quarter is timing-related. Additionally, we are increasing expenses for the purpose of being ready as the ROAD to Housing Act kicks in, and we think we can grow our sales business. So there are some increased expenses related to us being ready to grow.

Craig Gerald Kucera
Lucid Capital Markets, LLC, Research Division

Okay. That's helpful. Changing gears, I'd like to talk about UMH Finance for a bit. Optically, it looks like you've had a pretty decent decline in yield there on that portfolio over the last year. And can you talk about what financing rates you're currently offering?

Samuel A. Landy
President, CEO & Director

Well, we didn't change them as mortgage rates increased. What is the current rate today?

Kevin S. Miller
Executive VP, CFO & Treasurer

I think it's 6.25% we're giving out.

Samuel A. Landy
President, CEO & Director

6.25%. Yes. And we rent a lot, sell the house and take the loan. And each customer can afford a certain amount. The 30% of your income should cover your finance payment plus your lot rent. And so the longer we can keep our rates low, the more sales we'll generate. We can manage loans better than anybody else because we have the manager outside on-site at every community. So we don't experience losses from repossessions or turnover. So therefore, we can keep our rates lower than anybody else. And I consider it similar to people who sell boats, RVs, et cetera -- they may give you 0% interest for a while. And so keeping our rates low satisfies the customer, increases sales and increases occupancy. So we try to keep it as low as we can for as long as we can.

Craig Gerald Kucera
Lucid Capital Markets, LLC, Research Division

Got it. And just one more for me. Kevin, you utilized the line of credit a bit more this year than in the last few years. Are you evaluating swapping the line of credit balance? Or are you likely to keep that floating?

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Kevin S. Miller
Executive VP, CFO & Treasurer

Well, we have, like, a lot of different levers that we could pull. We might -- we're going to explore potentially going to Israel because those bonds are coming due. We're not sure if we're going to refinance those or pay those off. Depending on how the stock goes, we may be issuing common stock. If rates -- if the preferred stock comes back, we might be issuing preferred stock. But in the meantime, we will be using the line of credit. The rate is still a very good rate, like the mid -- like a low 5%. And we are actually speaking with banks well into the process of adding another bank to the line. So we exercise part of that accordion feature.

Operator

And the next question comes from Rich Anderson with Cantor Fitzgerald.

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

This is Jeffrey Carr on for Rich. Maybe shifting back to leverage there. Should we expect that leverage level to, kind of, incrementally tick up until you see that impact from the ROAD to Housing Act? And should we, kind of, expect the cadence of tapping the line and issuing preferred to continue into '27 and maybe beyond?

Kevin S. Miller
Executive VP, CFO & Treasurer

I think for the short term, yes, we will be using the line. I don't think the preferred right now at these prices. And I feel like once the ROAD to Housing Act kicks in and it opens up back when Dodd-Frank kicked in and all the lenders just basically went out of the business, and we ended up lending money for the sale to finance the sale of the homes. I think once lenders come back in, there may be other lenders that will be in competition with us -- so we're getting a lot more cash sales. That could be another big catalyst for us to raise money. And I just think that the increased sales from the ROAD to Housing Act, the fact that the 2-story homes, and our just general increases in rent, that's just going to keep moving along. But temporarily, I think we will be using the line of credit until all that kicks in.

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

Got it. Okay. And just, kind of, looking at your rental occupancy right now, it's close to 95%, and it looks like you're still pushing rents per home up around, say, 5% as well. Just curious what the demographic of the person renting from you today is and, kind of, how you think about where there's still any untapped demand for the product and, kind of, what you're seeing there?

Samuel A. Landy
President, CEO & Director

Well, our customers vary incredibly. But what rentals have done for us, it takes people who have never experienced living in a manufactured home and a manufactured home community. And if you go to buy a house, you're going to need the down payment and you're going to have to sign a 25-year loan agreement. If you rent a house, you just need 1 month rent and 1-month security, approximately $2,000, and you sign a 1-year lease. And so that limited commitment encourages a substantial number of people to try something new. And that's why we rented out 11,000 homes from 2011 to date. And many people see themselves as just needing a house for 1 to 3 years, and that's going to continue.

And so the reason we began the call with what's going on in the areas where we're located is just think of all the people needed to build the plant in Homer City, Pennsylvania. They're going to turn natural gas into enough electricity to power Lower Manhattan and then 7 data centers will be built in that area.

And we own communities right there. So all those workers are going to be needed, and those workers will take rental houses. The demographics of the aging baby boomers and the first people just entering the workforce, those are your 2 highest growing demographics, and those are the best customers for quality affordable housing. So they'll continue to rent houses from us. I stress looking at our presentation and the location of our communities, Google Memphis, and you'll learn all about all the infrastructure projects going on there and why that's going to grow so well. We talked about the Audi plant. And so each location we have is going incredibly well, which is going to send workers to those locations who will need the rental housing.

Brett Taft
Executive VP & COO

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And just to add a little bit, so far, we've put in 600 new rental homes to our communities this year while maintaining that 95% occupancy rate. Our portfolio exhibits strong demand for the rental homes. We have limited turnovers of only about 20%. So we really haven't had an issue passing through that 5% rent increase, and our collections remain incredibly strong at over 98.5%. So from our perspective, our tenants are able to deal with what we think are fair rent increases. We've got demand to continue to grow the rental home portfolio and hopefully transition some of them over to homeowners over time.

Operator

And the next question comes from John Massocca with B. Riley.

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

On the same-property operating expense growth outlook for the next quarter, how variable might that be based off weather? And is there any other unique pushes or pulls we should be aware of?

Brett Taft
Executive VP & COO

We -- at the beginning of the year, when we put out our same-property expectations, we noted we expected expenses to be in the 5% to 7% range. Our third quarter was very good, came in at 5.4%. We're very proud to have delivered for the quarter 9.7% same-store NOI growth. And I really also want to point out that for the 9 months, we've grown same-property NOI by $8.7 million. If we annualize that number, it's $11.6 million for the year. It's about 5 years in a row we've grown same-property NOI by about $11 million.

So we're very proud of those numbers. Now as to the exact question on expenses, I can't predict the weather. I hope that it is a milder winter than it was last year. We do expect our fourth quarter same-property expenses to be probably slightly up from the 5.4% in the third quarter, but they should still fall in that 5% to 7% range. So we're very happy with where we are. We fully expect the high single-digit NOI growth for the full year, and we look forward to doing it again next year.

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

And are you seeing flow-through from some of the regulatory changes into demand for homes? And could those changes limit the need for mortgages -- sorry, for mortgage refinancing -- mortgage financing with residents?

Samuel A. Landy
President, CEO & Director

Well, yes. To begin with, some of the changes they've implemented, and it's important to note that President Trump just created an executive order, something like October 22. And the executive order specifically says that if we can lower somebody's rent or lower their home payment, that means more than income verification or debt-to-income in qualifying them for a loan. That's absolutely huge. And many people won't be able to verify income or might have credit issues. But if, in fact, they're reducing their cost of housing by coming to us, they can qualify for the loan or if they've lived in our rental unit and paid the rent on time for the last year, that proves they qualify to buy it.

And add to that, there's state programs coming into effect that could provide grants for down payments.

So with the potential of grants for down payment, 3% Title I loans, the executive order saying your past rents mean more than income or debt-to-income -- and then add to that, no tax on tips. No tax on tips means anybody who is not reporting $25,000 per person in tip income and 2 people's $50,000 -- and $50,000 qualifies you for $200,000 in buying power. So those are just a couple of changes that will result in us selling more homes for Title I cash.

When people refinance some of the $110 million in loans we have, they'll pay us cash, and we'll sell existing rental units. So it's already increasing demand, but it's going to get more substantial. And we're implementing programs that will speed up the approval process and the process of us actually getting money to finance the loan -- and that little bit, if each person closes 30 days earlier and that money comes to us 30 days earlier, that's beneficial. So we have all of those things going on at this moment.

Eugene W. Landy
Founder & Chairman of the Board

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I always like to add that the market for affordable housing is great. If you live in a 3-bedroom apartment, it costs $10,000 a year more to live in that 3-bedroom, 1-bath apartment, and we provide 3 to 4 bedrooms and 2 bathrooms and a larger lot and the tenant saves $10,000 a year. So there's a great demand for affordable housing, and we are continuing to provide it both by sales and rental. And the market is there, the demand is there. Conventional construction is actually down, by the way. They think they have a shortage of 4 million homes. And we see construction of conventional homes going down, and we see manufactured housing sales going up.

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

And just one more question on the debt side. How much variable rate are you comfortable carrying at any one time? And what are your thoughts on swapping out or replacing with fixed-rate debt the $100 million on the revolver?

Kevin S. Miller
Executive VP, CFO & Treasurer

Yes, sure. I mean we don't want to get the debt leverage ratio too much higher than it currently is. We don't mind doing it temporarily. And yes, we always are open to looking into locking in a term loan on the outstanding debt on the line.

Eugene W. Landy
Founder & Chairman of the Board

And again, the federal government is committed both through HUD and through the government-sponsored entities to increase their lending to the industry.

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, Kevin, Brett and I are available for any follow-up questions. We look forward to reporting back to you in February with our fourth quarter and full year 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 1 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 9497036. Thank you, and please disconnect your lines.

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