

# UMH Earnings Call Transcript

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**Quarter: 3**

Operator: Good morning, and welcome to UMH Properties Third Quarter 2025 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: 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 2025 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 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 Landy: Thank you very much, Craig. We are pleased to report normalized FFO of \$0.25 per diluted share for the third quarter of 2025 as compared to \$0.24 per diluted share for the same period last year representing an increase of 4%. Sequentially, normalized FFO per diluted share increased 9% from \$0.23 in the second quarter. Normalized FFO of \$0.25 per diluted share for the quarter annualizes out to an even \$1 and is a significant milestone we are proud of. We continue to execute our long-term business plan, which is resulting in increased occupancy, sales and ultimately, increased net operating income and property values. We now own 145 communities containing approximately 27,000 developed homesites with 10,800 rental homes. Our portfolio is 87.2% occupied, leaving us with 3,500 vacant sites to continue to grow organically as we invest in our rental home program and experience further growth in our sales operation. At any given time, UMH has \$100 million or more invested in turnaround acquisitions, expansions and inventory. These long-term investments provide for a runway to generate strong operating results, grow the company and increase the value of our communities. For example, over the past 5 years, we have completed the construction of approximately 1,100 sites. Of these sites, approximately 470 are currently occupied. As we fill the remaining 630 sites, we have the opportunity to earn significant sales profits and increase our overall occupancy rates, revenues and

property values. 630 sites can generate sales profits of \$20 million or more and generate recurring site rental revenue of \$4 million per year or more. Additionally, we have approximately \$33.6 million invested in our joint ventures with Nuveen, which own 3 recently developed communities containing 471 sites. These communities continue to make progress increasing occupancy and should begin to positively impact earnings in the coming quarters. We have the potential to increase sales profits, occupancy, NOI and grow our loan portfolio. We have raised the capital to do this because we believe that will result in FFO per share growth in the next few quarters. During the third quarter, we increased total revenue from \$60.7 million in the third quarter of last year to \$66.9 million in the third quarter of this year, that represents an increase in quarterly total income of 10%. For the 9 months ended September 30, 2025, total income was \$194.8 million an increase of 9% from the prior year period. We are on track to surpass \$250 million in total income in 2025. Our company is well positioned with a strong balance sheet and a sound operating environment for earnings per share growth in the quarters to come. During the quarter, we issued \$80 million of our new 5.85% Series B Israeli bonds, which will be deployed accretively over time. We have capital needs of \$120 million to \$150 million annually, which we invest in our capital improvements, new rental homes, expansions and financing of home sales. Most of these uses being accretive uses of capital. Over the past 2 years, we have relied on our common ATM to fund our growth initiatives. This year, we are utilizing our ATM less and debt more. In the long term, this debt will be repaid and the equity should increase in value. The objective is to grow earnings per share and ultimately, our share price. Over the past 5 years, normalized FFO per share has increased by 48% and the dividend has increased by 25%. During the quarter, we increased same property occupancy by 132 units over the second quarter and by 357 units over last year. For the 3 months ended September 30, 2025, same property rental and related income increased by 9% and same-property NOI increased by 12% or \$3.7 million. Year-to-date, same property rental and related income increased by 8% and same property NOI increased by 10% or \$9.2 million. Our same-property operating expense ratio for the quarter fell to 39.7% as compared to 41.1% last year. Our rental home occupancy was 94.1% as compared to 94.4% last year. During the quarter, we converted 227 new homes from inventory to revenue-generating rental homes. Year-to-date, we have converted 523 new homes from inventory to revenue-generating rental homes. We currently have 400 homes on site with 100 homes ready for occupancy and another 300 being set up an additional 200 homes on order that have not yet been delivered. The pipeline of homes on our vacant sites positions us for additional occupancy increases throughout the rest of the year and into next year. We anticipate by the end of 2025, we will have added 700 to 800 new rental homes. Sales of manufactured homes continue to grow, driving additional sales profits. Gross sales for the quarter were \$9.1 million as compared to \$8.7 million last year, representing an increase of 5%. Not included in these sales results are an additional \$800,000 in sales at our recently opened joint venture, which is a greenfield development Honey Ridge. Including these sales, sales for the quarter were up 14% over last year. For the 9 months ending September 30, 2025, Sales of manufactured homes increased by 5% from the prior year period. Gains from sales for the quarter were \$1.3 million or 14% of total sales. Gain from the sales for the 9 months were \$3.2 million or 12% of total sales. During the quarter, we acquired 2 Maryland communities consisting of 191 lots, which are 79% occupied for a total purchase price of \$14.6 million. Subsequent to quarter end, we closed on the acquisition of one community located in Georgia, consisting of 130 sites of which 32% are occupied for a total purchase price of \$2.6 million. Year-to-date, we closed on 5 communities containing 587 sites for a total purchase price of \$41.8 million. Our Marcellus and Utica Shale strategy, which began in 2011, has resulted in substantial appreciation of the land, communities, homes and approved sites we own in the area. Data centers, the Shell Cracker Plant, pipeline projects, new gas wells and electric generation plants all generate the need for more quality affordable housing. UMH owns 4,000 acres of land in 78 communities with 12,300 home sites in the Marcellus and Utica Shale areas. We are seeing increased interest in leasing our oil and gas rights and anticipate more lease signings in the coming months. UMH is well positioned for future growth through the occupancy of our 3,500 vacant lots, the development or sale of our 2,300 acres of vacant land, infill of our 600 recently constructed expansion lots, the infill of our 329 sites owned through our joint venture, the leasing of our oil and gas rates and the growing profitability of our sales and finance company. We anticipate that we will achieve our 5% annual rent increase, generating \$11 million in new revenue, install and rent 800 new rental homes, generating an

additional \$10 million in revenue and a substantial increase in our sales revenue and sales profit. These are valuable opportunities to increase rental revenue, sales revenue, finance and insurance revenue and increased value and FFO per share that are not currently reflected in the value of the company. Additionally, we have \$36 million in inventory that is paid for and actively being sold and rented, which will increase earnings as the homes and lots become occupied. This organic growth should allow us to generate earnings growth and improve operating results for the years to come. We are incredibly optimistic about the future of the company and look forward to driving FFO per share growth. And now I will turn it over to Anna to discuss our third quarter results.

Anna Chew: Thank you, Sam. Normalized FFO per diluted share increased from \$0.24 to for the third quarter of 2024 to \$0.25 for the third quarter of 2025, representing an increase of 4%. Sequentially, normalized FFO per diluted share increased 9% from \$0.23 in the second quarter to \$0.25 in the third quarter. Rental and related income for the quarter was \$57.8 million compared to \$51.9 million a year ago, representing an increase of 11%. This increase was primarily due to an increase in same-property occupancy the addition of rental homes and increase in rental rates and the additional revenue generated by the purchase of 2 communities at the end of the first quarter of 2025 and the purchase of 2 communities at the beginning of the third quarter of 2025. Community operating expenses increased 11% during the quarter. This increase was due to acquisitions and an increase in payroll costs, real estate taxes, snow removal and water and sewer expenses. These increases in community operating expenses also includes onetime legal and professional fees of \$660,000 for the 3 and 9 months ended September 30, 2025. The 11% increase in both rental and related income and community operating expenses resulted in a net increase in community NOI of 11% for the quarter. Our same property results continue to meet our expectations. Same-property income increased by 9% for the quarter, while same-property community operating expenses only increased by 6% and resulting in an increase in same-property community NOI of 12%. Same-property NOI increased by \$9.2 million for the 9 months ended September 30, 2025, resulting in an annualized run rate of \$12.3 million. Our community operating results continue to be exceptional, and we anticipate further growth as we fill our recently developed sites and our inventory. As we turn to our capital structure, at quarter end, we had approximately \$673 million in debt, of which \$468 million was community-level mortgage debt, \$28 million was loans payable and \$177 million with our Israeli bonds. Total debt was 99% fixed rate at quarter end with a weighted average interest rate of 4.83%. The weighted average interest rate on our mortgage debt was 4.58% at quarter end compared to 4.17% at quarter end last year. The weighted average maturity on our mortgage debt was 5.8 years at quarter end and 4.6 years at quarter end last year. In August and September, we paid off 10 mortgages totaling \$61 million, and we are currently in the process of refinancing most of these communities and anticipate closing during the fourth quarter. On July 22, 2025, we sold \$80.2 million of 5.85% Series B bonds that are due in 2030. The net proceeds of the sale of these bonds after deducting offering discounts, fees and other transaction costs were \$75.1 million. On July 8, 2025, we amended our \$35 million revolving line of credit with OceanFirst Bank to extend the maturity date to June 1, 2027. Interest is at prime with a floor of 4.75% and is secured by our eligible notes receivable. At quarter end, we had a total of \$322 million in perpetual preferred equity. Our preferred stock, combined with an equity market capitalization of \$1.3 billion and our \$673 million in debt results in total market capitalization of approximately \$2.3 billion at quarter end. During the quarter, we issued and sold 290,000 shares of common stock under the September 2024 common ATM program at a weighted average price of \$16.44 per share. Generating gross proceeds of \$4.8 million and net proceeds of \$4.6 million after offering expenses. The company also received \$2.6 million including dividends reinvested through the DRIP. During the quarter, we issued and sold 3,000 shares of our Series D preferred stock under our 2025 preferred ATM program at a weighted average price of \$23 per share, generating gross proceeds of \$75,000 and net proceeds of \$59,000 after offering expenses. We currently have \$99.9 million eligible for sale under the 2025 preferred ATM program. From a credit standpoint, we ended the quarter with net debt to total market capitalization of 28.3%, net debt less securities to total market capitalization of 26.9%, net debt to adjusted EBITDA of 5.1x and net debt less securities to adjusted EBITDA of 4.8x. Interest coverage was 3.7x and fixed charge coverage was 2.3x. From a liquidity standpoint, we ended the quarter with \$34 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. 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 \$32 million in our REIT securities portfolio, all of which is unencumbered. This portfolio represents only approximately 1.5% of our undepreciated assets. We are committed to not increasing our investments in our REIT securities portfolio. 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 Landy: Thank you, Anna. UMH has continued to deliver consistent growth over the years by executing a disciplined strategy implemented by our talented and dedicated team. This strategy begins with identifying and investing in assets with strong upside potential. Our systems and processes, which have been refined through more than 55 years of operating experience, allow us to unlock that potential. We do this through infilling vacant lots, developing new sites, replacing outdated homes with modern state-of-the-art housing and applying a targeted sales and rental platform in markets where we already have a proven track record. To fuel these operations across our portfolio, we've taken a disciplined approach to raising capital by thoughtfully issuing both equity and debt we've been able to expand while maintaining a strong, flexible balance sheet. One that's built to capitalize on market opportunities, continuously improve our existing portfolio and withstand unforeseen challenges. Because of UMH's proven business plan and responsible capital management, we are well positioned to continue growing earnings per share, increasing our property values and enhancing long-term shareholder value. We remain focused on the strong fundamentals of the manufactured housing sector and the broader need for housing across the country. These tailwinds, combined with our disciplined approach, continue to drive meaningful increases in the value of our portfolio. Our communities continue to perform exceptionally well with strong sales demand rising occupancy and the ongoing operational efficiencies. We've also developed our vacant land in ways that will enhance both the value of our communities and the company over time and we've achieved this while keeping our mission, treating residents fairly and expanding the supply of attainable workforce housing at the center of everything we do. Looking ahead, our mission has never been more important. The national housing shortage continues to intensify, and manufactured housing is uniquely positioned to help meet this critical need. We are encouraged by recent legislative initiatives that may provide residents with better financing options while also creating new opportunities for UMH to access long-term cost-effective capital for growth through acquisition and new development. We are confident that we are on the right track. Our continued success should translate to growth in earnings per share and stock price along with the satisfaction of helping to meet one of the most pressing social needs of our time, quality, affordable housing.

Operator: [Operator Instructions] Our first question today comes from Gaurav Mehta with Alliance Global Partners.

Gaurav Mehta: I wanted to ask you on your 4Q acquisition in Georgia. Can you provide some color on the occupancy upside there and it also looks like the average monthly home rent is lower than your other property in Georgia. Just hoping to get some more color on that property.

Brett Taft: Yes, sure. So the property in Albany, Georgia is located very close to our other community in Georgia. It's 130 sites. It's currently about 30% occupied. It's really our typical value-add business plan we will go in there make some immediate improvements, increase the overall quality of the infrastructure, add some amenities and then start to bring in new homes for rent. I would expect the rental rates to be in the \$1,000 to \$1,200 a month range once we get going, and that property has really significant upside potential. Our plan is to get in there and start bringing in homes basically as soon as we complete some initial improvements. And we should see a pretty substantial increase in occupancy over the first year. We're getting ahead of ourselves a little bit, but 30 units a year should be about what we're able to accomplish there, potentially more.

Samuel Landy: I just wanted to note the -- it appears to us in the Southeast, nobody has followed our model which is shift to renting homes. They're going by the old model, resident owns the home and rents the lot. By adding rental units, if you look at our 3 Southern states: Georgia, South Carolina, Alabama, our revenue increase for the past year, 469% in Georgia, 37% South Carolina, 23% Alabama. So our Southern strategy is working, and we're going to continue it.

Gaurav Mehta: Second question I have is on share repurchases. In September, you increased your share repurchase size to \$100 million from \$25 million. Just want to get some more color on how share repurchases fit in your capital allocation plan going forward.

Samuel Landy: So the plan is we've done quite a bit of work. Part of our expense increase was the increased legal to create a contract to sell vacant land at the time a developer sells houses. That's a very long-term prospect because somebody has to get the approvals to build the expansions, sell the houses and then eventually, we'll turn that into cash. But the objective is to sell assets, issue preferred stock, use those things to fund our growth and then potentially repurchase stock.

Eugene Landy: If I can add, UMH is unique as a REIT. Our sector is unique. We have the government-sponsored entities, which are by legislation, we are privileged to borrow money and the amounts of perhaps 60% of value. As the value of our communities go up, the ability to borrow money goes up. And over the last 5 years, we've had a remarkable growth in values, and we've realized some of that additional borrowing power. But we do -- when we started the company, we see that we are very conservative, but perhaps we've been too conservative and that we certainly can have debt of 45%, 50% assets, and we have the ability then to go to the government-sponsored entities and borrow very substantial amounts of money. In addition, there's a shortage of preferred shares. It's a unique type of security. Its equity as far as we're concerned and yet it doesn't share in the growth of the company so that it's very accretive to the common stock. So between the preferred stock and the ability to borrow from government-sponsored entities. We are in a really unique and privileged position to complete the buyback that the Board has authorized.

Gaurav Mehta: And then lastly, in your prepared remarks, you talked about seeing more interest in oil and gas rights that your company has. Can you provide some more details on how big that opportunity set is?

Samuel Landy: Well, it's very difficult for even us to evaluate that. We receive more and more inquiries pertaining to the properties. But if you look at the Marcellus and Utica Shale map and you recognize we have 4,000 acres, I believe, in the Marcellus and Utica Shale area. You think about the Homer City data centers and these articles in today's Wall Street Journal about how technology is improving, how they could drill deeper, they could obtain more energy from the ground. The value of these rights is increasing. The demand for energy is increasing. Data centers are a huge thing. Off topic a little bit because we're talking about the Marcellus and Utica Shale. But in that regard, when you look at where we've located our communities directly outside of great cities, Nashville, Memphis, Columbus, Pittsburgh, Jackson, New Jersey, Eatontown, New Jersey, the growth in value of these locations, just like the Marcellus and Utica Shale, it's substantial and really creates a great future for us.

Operator: The next question is from Craig Kucera with Lucid Capital Markets.

Craig Kucera: There was a pretty meaningful decline in G&A; from really the last 3 quarters. I know there's some seasonality in your G&A;, but is there anything else that we should be thinking about?

Anna Chew: It was primarily seasonality and the timing of certain expenses, we would expect that on average, Q3 year-to-date would be what we would expect for Q4.

Craig Kucera: Okay. That's helpful. And I just wanted to confirm the onetime legal and professional expenses were booked as property operating expenses.

Anna Chew: Yes, it was.

Craig Kucera: Okay. Got it. When I look at what you paid for Albany Dunes, I think it's like \$20,000 a site, which is significantly below which you've been typically paying even going back to '21. Is this property going to require a lot more CapEx in your typical value-add acquisition? Or is it going to be something similar to what you usually do?

Brett Taft: No, it's a very similar strategy. I mean, you look at all body doing though, and it's 130 sites. It's only 32% occupied at the time of acquisition. There's very limited income there now. And obviously, the NOI property throws off is what really generates that property value. So we looked at Albany Dunes as an asset with a ton of upside by implementing our typical business plan. And quite frankly, we wish we could go out and find more assets that fit that exact strategy. That's what we've proven we're able to do very well, and we're going to keep our eye out for other assets that meet that criteria. Just to add to the other acquisitions we've completed this year, Cedar Grove and Maplewood Village in New Jersey

are both 100% occupied properties with reasonable site rent. So that's going to drive that cost per site up into the \$92,000 a pad range. And then Maryland similar to New Jersey, higher rents, higher occupancy and drives a higher per pad price.

Craig Kucera: Yes, that makes sense.

Eugene Landy: You have to realize that manufactured housing is in a unique position. We believe we can produce 3 bedrooms, 2 baths and 1,100 square feet of home for \$250,000 a unit. 1,000 units for \$250 million. And the cost of the conventional construction is running \$400,000, \$450,000 a unit. And apartments, which were only 650 square feet and only 1 bathroom, running \$350,000 a unit. So we have a distinct cost advantage. We are affordable housing. The government is recognizing it. The market is recognizing it and we hope that we can continue to add 1,000 homes to the nation's need for housing.

Craig Kucera: Great. And just circling back to the new Georgia acquisition. I think you've had some issues with some of the new markets you've entered in the Southeast in the past where the municipalities have slowed down approvals. Is this community fully entitled and approved to move forward? Or do you expect any sort of delay?

Brett Taft: To be fair, the one that we had issues with was fully entitled and we didn't expect a delay. But no, this is fully entitled. There should not be issues. If anything changes, we'll update you in the future. But our game plan is to go full speed ahead down there.

Craig Kucera: Got it. Just one more for me. You had a nice pickup in your net additions of rental homes this quarter. And I know your sales out of the used home pool are sort of up and down. But how meaningful do you view the remaining pool of used homes for sale? Is it getting closer to being complete? Or do you still think you have a healthy number you think you'll try and sell.

Samuel Landy: Well, the ultimate objective is that the finance laws become more liberal. And that would be incredible because our first rental homes were purchased in approximately 2011. So they're just getting to be about 15 years old. We can be selling more and more rental homes if the people who live in there -- live in them can be approved for the loans. If all of that works out and add to that, there could be government guaranteed loans generating cash to us. And the way the rentals worked the first year, we did a 100, second year 300, then 500, then 800 a year. Eventually, we could be selling a significant percentage of the 15-year-old rentals as finance sales and potentially government guaranteed cash sales and we'll be adding our new 800 rental units needing minimal cash as a comparison to how it's done today. Today, we buy 800 rentals and set them up at about \$75,000 a piece and we need to obtain all of that cash to do that. If we're selling 500 older rentals, which could be cash sales, and you're selling them, I hope, for about \$60,000 per unit and you're paying \$75,000 per new unit that will greatly reduce the cash we need to grow the rental portfolio in the future.

Operator: The next question is from John Massocca with Ladenburg Thalmann.

John Massocca: So apologies if I missed this earlier in the call, I've been bouncing between a couple of different ones. But could you give any update maybe on manufactured home sales quarter-to-date? And I guess what are the seasonal expectations in 4Q for home sales? Could they be weaker than 2Q, 3Q? Or does the increased size of your portfolio today maybe offset some of the traditional seasonality in terms of sales?

Brett Taft: It's a good question, John. And we did not provide an update on the call, so you're the first one there. But our sales pipeline remains very strong. We've been happy with what we've seen in October so far. Pipeline today is about \$3 million and growing as we get some home set up at some high-traffic expansions with good demand right now. So hard to say exactly where we'll shake out in Q4 as it is typically one of our slower selling seasons as is Q1. But last year, we had a very strong fourth quarter, and we think we're positioned this year to also have a strong fourth quarter. We think we're in line to beat the sales record that we set last year, and we'll hopefully smash the record, honestly.

Samuel Landy: In our presentation for the call on Page 13, we list homes sold since 1996. And in 2005 or 2006, when we were a much smaller company, we did \$15 million in sales in 1 year because we had -- we were on the last phases of great expansions. And today, we have great expansions, new -- 3 new communities we've built and there are so many factors that go into how home sales are, including whether or not the people 55 and older are experiencing good sales to sell their home and downsize. One of the things we've just done some research on, we have photographs of the homes, people were

downsizing from to buy homes from us. And people are selling remarkably large expensive homes to buy a house from us for \$300,000 in the community. And that's exactly what the demographics say should be happening, the percentage of the population over 65 years old, who now wants to sell their home and downsize. And right now, they're stalled a little bit because of interest rates. They're not selling their existing homes in the numbers you would expect. But as that changes, our sales can dramatically improve.

John Massocca: And then on the rental side, as we think about some of the additional color you gave in the earnings release, the 100 homes or so you kind of have on site. I mean are those contributing to the vacancy number at this point? I mean are those kind of counted as vacancy today? And I guess kind of what are you thinking of in terms of timing for renting those units out and the 300, you said are kind of around and available to kind of set up. I mean, is that something we should expect to have maybe already occurred in the quarter? Or is that something that could occur later in kind of December? And how does all that work in the context of maybe 4Q not being a traditional kind of core leasing season?

Samuel Landy: Right after COVID, you had the problem of the factories weren't producing homes. And that sent everything off balance. There are no problems today. In terms of we can order a home, have it and set it up. And Brett, how long would that take us?

Brett Taft: Well, ordering the home, you're probably 2 months backlog right now, and then you've got 2 to 3 months of setup. It can be done quicker, but you can run into utility issues and things like that. So from the time you order a home to the time it's fully set up, call it, 6 months.

Samuel Landy: So we don't see any problem going forward or 800 units and possibly additional homes during the year, and we see communities accelerating their demand for rentals. Brett, can you give some specific examples?

Brett Taft: Yes, sure. So property friendly village we own in the Toledo area, Perrysburg, Ohio. They're on track to fill over 80 rental units this year. One of the first years we own that property, they filled 100. So the only slowdown they really had was, what Sam just mentioned, when they were not able to get inventory. So we're optimistic we'll continue to push there. We've got some positive going on near Purdue University right now with Woods Edge. We've got a couple of hundred vacant sites at that community with very strong demand. And then you look really throughout the portfolio, and it may not be 50 or 100 sites, but there's many communities that can do 10 or 15 in a year, and that's where we should see some of this growth. Now to answer the question about whether that's included in occupancy or not, the inventory homes are not included in the overall occupancy number. So they show as vacant sites. They also are not included in the vacant rental pool. Once that home turns from inventory to a rental home, that's when it hits the rental pool.

John Massocca: And -- just going back to the commentary from the earnings release, that 100 homes or so you said are on site and ready for occupancy. Are those essentially contributing to the rental pool vacancy?

Brett Taft: No, they are not included in the rental pool until they are rented for the first time.

Anna Chew: All of our homes when we order them are either for rent or for sale. So therefore, we determine when it becomes a sold home, it becomes a sold home that's out of inventory. When it becomes a rental, then we move it into the rental pool.

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 Landy: 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 February with our fourth quarter and year-end 2025 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 (877)344-7529 and or international +1 (412) 317-0088. The conference access code is 4344189. Thank you, and please disconnect your lines.