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## HOMES

# Million-Dollar Mobile Homes

*Mobile-home communities are attracting a new, wealthier buyer as prices soar in prime locations.*

By ADAM BONISLAWSKI

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Michael Gardner

When Chuck and Lynda Cohen decided this year to downsize from their four-bedroom Pacific Palisades home, they never imagined they'd end up in a trailer park. They also never imagined they would pay more than a million dollars for the privilege.

Multimillion-dollar properties are no rarity at Paradise Cove, the Malibu, Calif., mobile-home community where the couple, both retired from the film industry, this spring purchased a two-bedroom, 1,800-

square-foot trailer for \$1.25 million. Earlier this year, a trailer in the park—which in the past has included residents like actor Matthew McConaughey—sold for \$2.55 million. And in July, a four-bedroom, 2,200-square-foot trailer with a hot tub and two-car garage went on the market for \$3.75 million.

Such prices are partly attributable to Paradise Cove's location. On a bluff overlooking the Pacific Ocean, the park is surrounded by conventional homes that can run in the \$20 million to \$40 million range, said Michael Gardner, an agent with Prudential Malibu Realty. And with amenities like hardwood floors, high-end appliances and granite countertops, these trailers look little different from upscale conventional homes—though all of them have a trailer axle hidden somewhere underneath and can be moved, at least technically.

Mobile, or manufactured (as they are known in the industry), homes originated in the 1950s as a form of inexpensive housing. As opposed to conventional homes, manufactured homes are built in factories and then transported as finished structures to their ultimate location. Because residents of manufactured home communities don't own the underlying land, these properties usually aren't placed on permanent foundations but, rather, are attached to the ground by anchoring systems.

High-end home buyers have begun to invest in mobile homes. The Labenskis spent \$300,000 on their Connecticut home, including modifications such as custom kitchen cabinets and a front porch. Photo: Claudio Papapietro for The Wall Street Journal

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Reflecting the overall housing slump, sales of manufactured homes fell by more than half over the past 10 years, to 60,210 homes shipped in 2013 from 130,937 shipped in 2003, according to industry group the Manufactured Housing Institute.

But while overall sales have declined, a new, wealthier class of buyer has entered the market, said Todd Su, owner and president of Advantage Homes, one of the largest manufactured-home dealers in California.

### Londoners Cash In on Their Pricey Homes

According to Kevin Flaherty, vice president of marketing for Troy, Mich.-based Champion Home Builders, per-unit spending on optional features in the company's high-end Silvercrest line of homes, which start at \$90,000, has risen 140% to \$25,000 since 2011.

Industry executives attribute the change both to downsizing retirees and skyrocketing real-estate prices in certain areas, which are prompting more people to consider trailer living as a (relatively) affordable option.

Mr. Su said his company's San Jose location has seen growing business from young Silicon Valley tech workers looking for an alternative to the area's nosebleed housing costs. "I have clients from Google, from eBay, from PayPal, from Microsoft," he said. "A lot of the [manufactured home] communities are very close to these companies, so it's a cool thing because a single-family [costs] \$1.5 million, and then next door you can have a brand new place for a third or a fourth of that price."

Mark Sontag, a security-systems specialist with semiconductor firm Maxim Integrated, moved into Chateau La Salle, a manufactured-home community in San Jose, last year after selling his conventional San Jose home. He was attracted to manufactured homes, he said, by their value. His conventional home, which he sold for \$735,000, was 1,662 square feet; his manufactured home, which cost \$210,000, is 1,800 square feet. He also pays \$1,000 a month to lease his space at Chateau La Salle. Mr. Sontag estimates that around 25% to 30% of his neighbors work in the tech industry.

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—Todd Su, owner and president of Advantage Homes

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As the ranks of these high-end buyers has grown, so have the amenities available to them. "People want tile floors, hardwood, granite countertops, open kitchens, stainless steel [appliances]—things that weren't even options back in the day," said Mr. Su.

In Malibu, Paradise Cove resident Sandy Bell has with her husband renovated and flipped five properties in the community since they moved there in 1994. They purchased their first home for around \$180,000 and sold it in 1999 for \$390,000, Mrs. Bell said. Today, pitched roofs and ipe-wood decks are popular, she said, adding that some Cove residents have spent upward of \$1 million renovating their trailers.

Less pricey, but still luxurious by traditional mobile-home standards are Escape RV's Escape cottages, 400-square-foot trailers that include features like Sub-Zero appliances, fireplaces, steam showers and custom cabinets. Fully outfitted, the trailers run around \$170,000, which includes free delivery within 1,000 miles of the company's Almena, Wis., production plant.

In July, Tom Chambers took delivery of a cottage that he said his family plans to use as a lake house on property they own in Minocqua, Wis. "Everything about it is beautiful, well made—the quality of the finishes, the quality of the construction itself," Mr. Chambers said, citing ceramic tiles and a heated bathroom floor as among the perks of his new dwelling.

Design trends in manufactured homes have basically tracked those in conventional site-built houses, said Mike Wnek, vice president of new business development at Jacobsen Homes, a manufactured home seller based in Safety Harbor, Fla. "There's a lot of movement toward bigger and more exotic appliances—a lot of side-by-side refrigerators, wall ovens, big islands with cooktops," he said.

Downsizing retirees make up a substantial portion of the high-end manufactured-home market, particularly on the East Coast, said Mr. Flaherty.

Peter Labenski, 71, and his wife Rhonda, 67, moved into Hillcrest, an Uncasville, Conn., retirement community run by Jensen communities, after selling their conventional Lisbon, Conn., house three years ago. In customizing their new home, the couple found that they could have "just about anything that we wanted," Mr. Labenski said.

Among the amenities they added were custom counters and cabinets in the kitchen, a bow window and a front porch. With the modifications, they paid around \$300,000 for their two-bedroom, 1,344-square-foot home. According to Jensen communities President Kristian Jensen III, homes in the development start at about \$150,000.

Retirees are an important driver of the West Coast market for luxury manufactured homes as well, Mr. Flaherty said, but this market also has come to include younger buyers looking for affordable housing in high-price coastal areas. "We put a lot in higher-end beach communities like Huntington Beach and Laguna Beach," Mr. Su said. "[Buyers] pay a [land] rent of \$3,000 a month plus \$200,000 or \$300,000 to buy the home instead of buying a [traditional] single-family home for \$2 million or \$3 million."

But while sales prices are lower, mortgages cost a bit more, Mr. Su said, noting that interest rates for manufactured homes typically run about 1% to 2% higher than for conventional homes. This is largely because manufactured homes are more likely to depreciate than conventional homes, making them less valuable as collateral.

In the long term, however, values of well-built manufactured properties tend to move in line with the broader real-estate market, Mr. Su said.

"It's like you're in a house in Pacific Palisades or Bel Air," said Mr. Cohen, describing some of the homes in his new community. "You just happen to be in a mobile-home park instead."

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