Permanent Vs Relocatable Modular Buildings

Idea In Short

Modular construction is no longer one industry selling one type of product, it has split into two distinct markets that grow for different reasons. Permanent modular buildings are manufactured off-site and then assembled for good, competing head-to-head with traditional site-built construction on cost and schedule. Relocatable buildings are manufactured the same way but designed to move, operating more like a rental fleet than a set of fixed properties. Both models are expanding, but the forces behind that growth, labor shortages and financing costs on one side, fleet utilization and flexible demand on the other, are not the same. This guide breaks down what separates the two building types, where demand is growing fastest for each, and how spending and asset value are distributed differently across permanent and relocatable modular construction.

In recent years, modular construction has begun to stand out for its steady growth. For both permanent and relocatable buildings, this particular type of construction has gained popularity due to its fast construction times and simplified processes. That growth is not evenly distributed across the industry, and understanding why requires looking at permanent and relocatable modular construction as two separate markets rather than one. Treating them as a single category, as buyers sometimes do early in a project, tends to produce confusing comparisons, since the two models are financed, sold, and valued in genuinely different ways even when the factory process behind them looks similar from the outside.

Many companies turn to these options, whether they need a permanent facility or **portable office space** for a short-term project. The manufacturing process behind both models is virtually the same, but what varies, and significantly, are the markets.

Permanent and relocatable modular construction address different needs, which means they are sold differently and, above all, grow for different reasons.

Permanent vs. Relocatable: What Sets Them Apart

A permanent modular building is manufactured in modules at a factory but assembled on-site with the intention of remaining there permanently. It is bought and sold like any other building, so it competes directly with site-built construction. From a buyer's perspective, financing, appraisal, and resale all tend to follow the same playbook used for conventional construction, since the finished structure is legally and functionally indistinguishable from one built entirely on-site.

A relocatable building is also manufactured at a factory, but the goal is to make it movable. It is installed, used for as long as needed, removed, and reinstalled elsewhere. Therefore, relocatable units work more like a fleet than like individual buildings. Most units are rented or leased, although they are also sold. It is important to note, however, that "relocatable" is not synonymous with "temporary." A relocatable unit can remain on a single site for years before it is ever moved, the defining trait is the ability to relocate, not a built-in expiration date.

Another point to note is that just because they can be moved doesn't mean they can be installed just anywhere. As the Modular Building Institute (MBI) warns, a unit designed for Florida's windy conditions may not meet California's seismic standards or New York's snow load requirements, for example. Seismic risk in particular varies sharply by region, since the forces a structure needs to withstand in a high-hazard zone can be far greater than those required in a low-hazard one.1 That variation is exactly why the International Building Code, which forms the legal basis for construction codes adopted by cities, counties, and states across the country, still leaves room for jurisdiction-specific requirements layered on top of it.2 A relocatable unit built for one state's code package therefore cannot simply be trucked to another and installed as-is, it typically needs to be reviewed, and sometimes retrofitted, against the destination's own wind, seismic, or snow load requirements before a permit will be issued.

Where Is Demand for Permanent Modular Growing?

The largest sector in permanent modular construction is multifamily housing. In 2024, this segment generated $7.1 billion in the United States, and the projection for 2029 is $11.3 billion, according to the MBI. Offices are another growing segment, worth $1.4 billion in 2024 and projected to reach $2.0 billion by 2029. That growth in modular multifamily

construction stands out against a broader housing market where overall starts, including conventional multifamily production, have recently pulled back under affordability pressure and higher financing costs.3 That divergence is worth sitting with: developers are not necessarily building more multifamily housing overall, they are increasingly choosing to build the multifamily housing they do pursue using modular methods instead of conventional ones, which is a shift in method rather than a straightforward expansion in total demand.

The common factor among these construction projects is the short construction time they entail. Factory production can reduce project timelines by 20% to 50%, according to McKinsey. In a market with a labor shortage and high financing costs, speed becomes just as important as price. That labor shortage is not a minor factor either, the construction industry is projected to need hundreds of thousands of additional workers in the near term just to keep pace with planned activity, which keeps pushing developers toward methods that need fewer on-site labor hours per unit.4 Moving a larger share of the work into a controlled factory environment does not eliminate the need for skilled labor, but it concentrates that labor where it is easiest to schedule, supervise, and retain, which matters more every year the shortage persists.

Where Is Demand for Relocatable Modular Growing?

The relocatable market is smaller in terms of revenue: $4.7 billion in 2024, but its growth is reflected in other areas. The 2026 MBI report highlights that this type of unit has "steady demand and healthy fleet utilization," and its 2025 report shows owners backing that up with investment. In 2024, approximately $800 million was allocated to purchasing and refurbishing units.

Demand is spread across sectors with specific needs. According to the 2025 report, companies manage around 300,000 relocatable units, which are used as construction site offices, clinics, and medical offices during periods of high demand, as well as control rooms in industrial plants and shelters in emergency situations. That same demand for flexibility shows up broadly across commercial real estate, where owners are increasingly treating adaptability itself as a design priority rather than an afterthought.5 Each of those use cases shares a common thread: the need is real but its location or duration is uncertain enough that committing to a permanent structure would be the wrong tool for the job, even when the budget for one exists.

Office rental follows the same pattern. Nadler Modular, which rents, leases and sells portable office buildings across most of the eastern United States, offers units from 528 to 2,688 square feet, typically installed within one to four weeks of an order. That installation window is itself a competitive advantage worth naming directly: a comparable permanent office addition routinely takes months to design, permit, and build, so for a project with a firm start date, the relocatable option is sometimes the only one that can actually be ready in time.

Growth in Spending vs. Growth in Value

To understand how growth is distributed, it helps to separate spending from asset value. Permanent modular leads on spending, with multifamily housing as the main driver. Relocatable modular is smaller, but its units are gaining value: the MBI reports that in 2024, companies sold used units for an average of 143% of their original cost as new construction became more expensive. That figure is worth pausing on, since most physical assets lose value the moment they leave the factory, while a well-maintained relocatable unit appears to be doing the opposite precisely because replacing it with new construction has gotten more expensive than the used unit itself.

Modular construction has evolved from a single industry with two products into two markets growing in parallel. Permanent modular construction is gaining ground against traditional construction in sectors where time and labor are in short supply. Relocatable modular construction, meanwhile, is establishing itself as a fleet of assets that have been gaining value. When space is needed, the question is which of the two options best fits your project's timeline.

- 1National Seismic Hazard Model
- 2Earthquake-resistant design of buildings and other structures
- 3Housing starts retreat on market headwinds
- 4Report: Construction needs 349K new workers in 2026
- 5Design is a strategic lever for future-proofing real estate in 2026

Summary

The split between permanent and relocatable modular construction is likely to keep widening rather than narrowing. Permanent modular will keep competing most directly with traditional construction in segments where speed and labor availability matter most, multifamily housing chief among them. Relocatable modular will keep behaving less like a building category and more like a managed fleet of assets, one where units can be deployed, redeployed, and sold at a premium precisely because demand keeps shifting to wherever it is needed next. Deciding between the two is less about which model is better and more about matching the building to the actual shape of the need, a fixed, long-term facility or a flexible capacity that has to move with the project.