



THINGS, THEY ARE CHANGING...

Nothing lasts forever. Have super low interest rates for the last 13 years lulled mobile home park owners and mobile home park investors into taking the low interest rates for granted?

Perhaps. Often, I am asked by mobile home park investors about why one park or another sold for a stratospheric price. They have trouble understanding how a park makes money for the investor when the prices are so high. It's a good question. An even better question is: why should mobile home park owners (sellers) give a hoot about how much money a mobile home park buyer makes or doesn't make?

The answer is that mobile home park investors have to make money when they buy a park; otherwise, what's the point of buying the park? Low interest rates have been the main reason mobile home parks sell for

INSIDE THIS ISSUE

| | |
|----------------|---|
| Changing Rates | 1 |
| Phase I | 2 |

NAI Iowa Realty Commercial
**A Berkshire Hathaway
Company**



Joanne M. Stevens
Real Estate Broker

For more information on
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COMMUNITIES** visit us
at:

www.JoanneMStevens.com

joannestevens@iowarealty.com

phenomenal prices; that and the need for affordable housing. Will rising interest rates flatten or even lower the prices investors are paying for parks? It remains to be seen.

Like residential real estate, there are some markets with a dearth of home inventory for sale (just like the mobile home park business) At the same time "rising wages and expanding economy" (NAR Chief Economist, Larry Yuan) ... "if inventory conditions failed to improve, higher mortgage rates and prices... will prevent many renters from becoming home owners". The same thing could happen with mobile home park sales. Rising rates could prevent investors from buying parks.

For now, the good times are still rolling for mobile home park sales with bidding wars



on many parks due to not even parks available for sale.

And, a sad commentary on the current housing market, is that many mobile home tenants may be priced out of buying a site-built home, due to higher prices.

If you are a mobile home park seller, here are a few tips to help you maximize your sale price:

- Vacant Homes. Whether they be park-owned homes or tenant-abandoned homes, do whatever it takes to get them on the lot rent roll. Everyone knows there is no money in rental homes; the money is in lot rent. Vacant and abandoned homes will torpedo your sales price. Fortunately, the rental housing market is robust in most markets and these homes will rent quickly.



- Delinquent rent. You would be amazed (or maybe you wouldn't be) at how quickly non-paying residents pay in full in with a new owner after the sale. Why is that? Maybe because the new owner communicates clearly and emphatically that the non-payers will be evicted, stat! New park owners report that

tenants borrow the money from the bank, their parents or grandparents, life insurance policies, and, well, you name it, to get caught up.

- Water leaks. Find the leaks and repair them. Your bottom line and your sale price will be so much better if you do.



From my community to yours~

Oil Drips Can Cost You Big-Time:

What's a Phase 1?

A Phase 1 Environmental survey is pretty much standard operating procedure when a commercial real estate property sells. Either the bank or the buyer or both want one in order to ascertain if there is a hazardous toxic waste on the property (or on a nearby property that leached on to the subject property). Cleanups of toxic substance (gasoline, and oil being the most common culprits) is *EXPENSIVE*. The common practice is for the owners to remedy (clean up) the property at the owner's expense. Not only is it costly to clean up a site, it can be time consuming. It is not unusual for a site remediation (clean up) to take months. Sometimes if a park is being sold and there is an environmentally clean up,



the sale closes and the seller escrows the funds to pay for the cleanup after the closing.

Now some good news; in the sales of the mobile home parks, it is common for the buyer to pay for the Phase 1 (about \$2,500). Generally, in commercial real estate sales, the practice is for the seller to pay for the Phase 1. So, park owners usually get a hall pass on paying for the Phase 1.

Another bit of good news is that it is not all that common to find hazardous waste in mobile home parks. When hazardous waste is found, it's usually because of carelessness of the storing of gasoline or oil, or from the oil leaking from vehicles or equipment.

Here's what you can do to guard against hazardous waste problems:

- Store gasoline in oil products in a well-lit area then make it part of your routine to check for leaks and drips.
- Do you have lawn mowing equipment, vehicles, trucks and other equipment? The ideal thing is to store them off site. If that isn't

practical than regularly check for oil/gasoline drips. The Phase 1 survey is not so persnickety that a drip here or there will trigger a clean-up requirement. What happens, is that over time, that truck that drips a bit every day creates a hazard that most likely will be flagged as a cleanup site, if enough drips in the same location over an extended period.

So be cautious and check. These drips can cost you tens of thousands of dollars to remediate!



BUYERS IN TODAY'S MARKET:

I have several MHP buyers that are paying very high prices (even over paying in some cases) for parks. Here is an abbreviated rundown:

1. California Buyer: Wants to buy up to 100 sites in IA, IN, and KS.
2. Foreign Buyer: Loves the U.S. and especially wants parks in MN, MO, MI, OH and other Midwestern states. Up to 80 sites. Will pay cash or if Seller prefers will buy on contract with 30% down Payment. Why not sell for a top price and get a nice, big monthly payment?

3. **Midwestern Buyer:** Grew up in the business. Pays cash and does an excellent job of maintaining the parks and being good to the residents. Will buy as small as 30 sites and up to 150 sites.
 4. **Investment Buyer:** From New York. Will pay cash, is very knowledgeable about parks, and building a family mobile home park business. Wants 40-90 sites in the Midwest.
- Let me partner you with the right Buyer. Call for more information. It's confidential.

**SAVE THE DATE:
Links on Our Website**

**2018 MHI Nat. Congress & Expo in Las Vegas
April 24-26, 2018**

2018 MHI Annual Meeting September 23-25, 2018

Keep current on mobile home industry events. Go to my website and click Save the Date. You will find information on upcoming events.

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JoanneMStevens.com

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Return Service Requested:
100 1st Ave. NE, Ste. 116, Cedar Rapids, IA 52401



WHAT IS YOUR PARK WORTH?

I am always happy to do a FREE, NO OBLIGATION, Real Estate Review for your park(s). You ought to know today's market value of your real estate investments.

If this is something you would like, simply give me a call at 319-378-6786, email me at joannestevens@iowarealty.com, or visit <http://joannemstevens.com/>

Joanne Stevens is a specialist in listing and selling mobile home parks and manufactured housing communities throughout the U.S. With her 20 plus years of experience in developing, zoning, owning, retailing, managing, turning around and brokering parks, she can maximize your sale price.