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## What's the Market Like Today for Selling A Mobile Home Park?

The demand for mobile home parks continues to soar. More and more investors are entering the investment real estate arena; the stock market headwinds may be contributing to this. More real estate investors want in to the MHP business. Quite a bit of the demand is from newly minted MHP Bootcamp attendees. Frank Rolfe and Dave Reynolds began offering MHP Bootcamp training in 2008. In these bootcamps, the return on investment that MHPs offer makes for a lot of determined buyers and a demand for mobile home parks. Couple that with low interest rates, some consumer home financing, the general ballooning prices of real estate, and what we have is a booming MHP market.

If you are a park owner and you are thinking about selling in the next one to five years, start preparing to sell for top dollar. Start now.

## What You Shouldn't Do....

Sometimes an investor can do themselves as much good by what they don't do as by what they do.

⇒ Step 1.: Not collecting all the rent every time.  
Please collect all of the rent every month, from every tenant. Rents on apartments and single-family houses are much higher today and vacancy is extremely low to nonexistent in many markets. This makes finding available housing difficult. Many MHP residents don't have good housing options, if they leave. And there are plenty of mobile home buyers for available homes in parks should a resident.

There is no reason for a park owner to tolerate nonpayment of rent. I still see a lot of owners that allow late rent and nonpayment. Just stop. When you sell, what do you

think the new owner will do with the nonpayers? Yes, the new owner will require all the

rent be collected for all the sites, every month. The main reason investors like MHPs, is because of the stable and predictable income. Job one is to collect all the rent, on time, every month.



⇒ Step 2.: Not Submetering. You don't necessarily need to submeter in order to maximize your sale price, though it can be a game changer for you before the sale. Investors, generally, will not ding the price if the Landlord includes water and sewer consumption in the rent. Whether you are or are not

submetering for water, monitor your monthly water bill for spikes. Spikes might be due to water leaks. And don't forget to ABLFL (Always Be Looking for Leaks) and fix water leaks pronto. Water leaks are expensive and makes your expenses higher than necessary. Unnecessary expenses cost you when you sell because it detracts from the bottom line.

The City Public Works Department ought to be at the top of your To-Do list if you aren't sub-metered for water. Some towns and cities will install water meters at the City's expense and bill the residents. Presto, you are out of the water biz. Many cities won't do this, but it never hurts to ask. Charging residents for utility consumption is the right thing to do for water conservation. The bottom line will look better too.

Capitalization rates on existing income and expenses have never been lower. Ten years ago, there was a 3%-5% gap between apartment cap rates and MHP cap rates. The demand for parks has increased so much that the capitalization rates are almost equal to apartment cap rates. This is a mighty feat because the net worth of park investors has dramatically increased with lower cap rates making for higher values.

## Will Millennial Students Debt Change How Cities Zone Housing?

Recently, out here in Iowa, the City of Des Moines changed some proposed new builder codes, because builders and affordable housing groups caution that the size, number of garage spaces, and other requirements, would price the newly built homes out of affordability for many buyers. Cities, across the country are facing housing shortages and many are looking at zoning codes and how to adjust or replace them with codes that allow for more affordable housing, primarily increased density and co-living. As the country largest cohort, Millennials, start forming households and buying their starter home, the housing landscape is evolving.



Lack of starter home availability and home affordability is a poor recipe for home ownership for millennials (approx. 75 -85 million strong and a quarter of the current US population).



Millennials are currently the largest demographic cohort in the U.S. and for many, the household budget doesn't work for a monthly 30% housing cost. Millennials are graduating with an average student debt of \$30,000-\$35,000 for a bachelor's

degree, higher for advanced degrees. That is the cost of an additional auto loan (or a MH loan) ... Additionally, millennials are having families, driving up the costs of food, gas, and childcare consumed by the household. When it comes to earning power, the average Millennial annual salary is \$35,592. Pew Research found that more millennial households are in poverty than any other generation and that millennials accounted for most of the nation's renters. Average national rent for a one-bedroom is \$1,025; two-bedroom, \$1,255. The average price for a home in the US is \$226,800.

In a new book, Three Generations of Married Couple Households, author and demographer, Cheryl Russell, posits that builders and developers will need to provide more co-living homes. Part of the reason for this is the continuing gap between real estate prices & wage growth. Increased household formation could mean more co-living as fewer new household can afford average home prices. Also pushing this trend is the aging baby boomer generation.

Approximately, 17% of US households are caregivers, caring for elderly or disabled family members; this number is predicted to continue to increase over the next decade.

Manufactured/mobile homes and MHC/MHPs can meet this need with no need for co-living. There probably are consumers that are perfectly happy to co-live a la such popular shows as Fuller House, The Conners, or Last Man Standing, with snarky-sassy grandparents and kids alike. But it seems reasonable that most households desire the privacy of their own home. For comfort, green-living, privacy, and a sense of community, a

### **Millennials Need Mobile Homes:**

Millennial (b.1981-1996): 23 to 38 years old  
 Millennial Average pay: \$35,592  
 Average student debt: \$30,000  
 Average car debt: \$21,375 (used)/\$31,100 (new) or \$400-\$500/month/car  
 Average age to have first child: 26  
 Average childcare cost: \$972/child  
 Average Millennial Grocery Spend: \$331/month

### **Monthly 2-earner household (w/two kids):**

Income: \$2350 (after tax) x2= \$4,700  
 Student debt: \$280 x 2= \$560  
 Car Payments (used): \$375 x 2= \$750  
 Daycare: \$972 x2= \$1944  
 Groceries: \$350  
 Gas: \$250  
 Utilities: \$200  
 Internet/cellphone/cable: \$150

**When the student debt is equal to a new car (or a new manufactured home), then MHP living is a logical and desirable housing choice for those focused on providing their families and themselves with the best possible economic future.**

manufactured/mobile home is hard to beat as a value proposition. So, where's our zoning for more parks?



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Past Newsletters are on my website.

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Click newsletters on the left-hand column.

### SAVE THE DATE: Links on Our Website

**2019 International Networking Roundtable**  
The Alexander, A Dolce Hotel, Indianapolis, IN

9/8 - 9/10/2019

**2019 MHI Annual Meeting**  
The Westin Savannah, Savannah, GA 31421

9/22 - 9/24/2019

**2019 NCC Fall Leadership Forum**  
Westin Michigan Ave, Chicago, IL

11/13-11/15/2019

Keep current on mobile home industry events.  
Go to my website; you will find information on upcoming events.

### 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](mailto: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.