

INTERVIEW WITH MATT FOLLETT

What are the top 5 criteria that you look for in acquiring parks/communities?

The characteristics I look for in a potential acquisition (in no particular order or priority) are the strength and depth of the market, the quality of the asset, the community's rents compared to others in its market, and the proximity of the property to other communities we already own. When comparing the community's rents, I look for lower rents than the market average as this allows room for increasing the value of the property. Additionally, I'll look at how the property compares with the market prices of site-build single family homes and other alternative forms of housing.

What are deal breakers for you?

Failing utility systems and environmental issues with the community are deal breakers. A private water and sewer system can also cause the property to be less desirable. However, we look at this on a case by case basis. Occasionally, I find that dealing with a very thorny seller can make the deal problematic. However, by being patient with those types I have occasionally been able to turn the deals into some of our best deals ever.

You are known for your ability to forge and maintain relationships with owners, sellers, bankers, investors, and other professionals. To what do you attribute your success with this?

A relationship built on trust is important. It's even more important to follow through on the trust and to continually maintain a high level of integrity in your dealings. I always make a point of utilizing Stephen Covey's "Seek first to understand, then to be understood." I also try to think "Win-Win" in all of my business dealings. Being hands on and learning to deal with a variety of personalities early in my life have enabled me to develop emotional ties vs. the traditional win/lose business strategy.

What is your long term view of this industry? What is the one thing that as an industry we need to do better?

I believe this industry will continue to provide a vibrant source of housing in the metropolitan areas of our nation. In outlying areas, where our product is not as competitive, the manufactured housing will most likely not grow and may begin to evolve into other forms of housing options. Additionally, blue collar retirees will continue to look to senior communities in warmer climates to satisfy their need for comfortable retirement living at an affordable price. As an industry, one thing we need to do better is to keep our target customer in mind and price the product accordingly. The trend to higher priced manufactured homes will hurt our industry in the long run. We need to remember that the product we supply is affordable housing. The total cost of space rent and manufactured home mortgage should be significantly less than the cost of site-built single family home mortgages and rents. The cost of manufactured homes in a market such as San Diego may be considerably more than one in Farmington. It is important to remember that the manufactured home industry was and should still be the affordable housing option. Simply put, we need to be the best deal in town.

Who or what got you interested in this category of real estate?

Having originally been involved in commercial real estate brokerage, I noticed the trend in mobile home park sales. Communities always sold quickly and had multiple offers. I saw the opportunity and took it.

What are you doing to fill vacant homesites?

In most markets, we are purchasing repos and new homes and then reselling them at a minimal profit margin. Additionally, we are carrying the financing on these homes to open the door to more consumers.

What is a “lesson learned” on a deal that didn’t go especially well?

Always stick with your gut. More often than not that first instinct is the best. Letting yourself get talked into something your instinct tells you not to do can cause a right choice to become the wrong one.

Is there something that you do that people in the industry would be surprised to know about you?

In 1993, I was diagnosed with Crohn’s disease. While there is no known cure for Crohn’s disease I have been able to live a successful life by focusing on my mental and physical health through a variety of activities. A major love of mine is helicopter skiing which I do several weeks out of the year, every year.

What is the best book that you have ever read?

At any given time I have one or two books going. One of the first books that sparked my love for reading was Victor Hugo’s Les Miserables. Since then, you’ll rarely find me without a new book close at hand.

How do you think that you earned the reputation of “Young Lion?”

Being aggressive. In a short time I was fortunate to be able to develop a solid portfolio of quality communities. I did whatever it took to find and get first-rate deals. I also attribute much of my success to a close network of friends and mentors and the love and support of my fantastic wife.