

Active Buyers in Today's Market

The Recession is over for Mobile Home Parks and Communities

What types of Parks and Communities are they buying?

More importantly, how does your park fit into today's market?

Thinking about selling? Your best bet to sell for top dollar in today's market is to target your property to the right buyers. To maximize your sale price keep yourself informed of market conditions and the various "target" markets. To sell for the most it is vital that your best buyer and your property come together.

Here's what is happening in terms of sales activity. Think about how this information impacts you and the value of your property. As always, I invite you to call for a FREE, CONFIDENTIAL, NO OBLIGATION Market Evaluation of your park / community.

1) Refinance Buyers.

Banks are enthusiastic to lend money like never before. It seems odd, but the financing is actually better than the mid 2000's. A lot of banks are uber healthy and in an expansive mood to lend on manufactured housing properties. That's the kind of lending environment you want to sell in! Investors are refinancing properties to buy additional properties. To you that means a lot of buyers have cash equity to buy and finance your property!

2) REITS - Real Estate Investment Trusts.

Typically they buy a minimum of 200 homesites. The manufactured home communities must have stabilized incomes, city utilities, paved streets and be in good condition. REITs pay good prices but you might do better with smaller buyers; that is because REITs are sometimes capitalized at higher rates, so are somewhat limited.

3) Exchange Buyers.

This is your ideal, your dream buyer. Why? Because this buyer has sold a property and is motivated to buy another in order to defer the capital gains tax. Often, this buyer will pay more than other buyers. Deferring capital gains taxes is a big inducement to these investors. If your buyer is already in the

park/community business and is looking for exchange property, this buyer is one of your best buyers. Even if the buyer isn't in the manufactured home communities business, they may very well pay a top price.

4) Earn-Out Buyers.

Think that your park/community will be worth more in the future than today IF? If only you had less vacancy? If only you had developed more homesites (assuming you have zoned, permitted, contiguous ground)? If only X,Y,Z happens (an event or a reason) that will cause your value to be higher in the next one, two, or three years? Some buyers will buy your park/community now and pay you an additional sum once that event has occurred. I won't go into detail here (call or email if you wish to discuss your situation) but essentially when the sale is negotiated, a formula for calculating the future "earn out" is agreed to. Oftentimes the seller stays on to manage or oversee the anticipated event. There are many ways to structure a transaction like this.

5) Direct Buyers.

This is by far without a doubt, your worst buyer. If you sell direct, chances are very good that you will sell for less. Let me explain. No matter how accomplished and wealthy you are, selling a park/community is not something you do every day. It's either something you have never done before or hardly ever do. So the scenario is that a buyer approaches you with a deal that seems very, very good. It's actually what you thought your property was worth or even more. The buyer is for real, meaning that he can demonstrate his ability to actually close, and you can do it very quietly without disturbing your residents, your vendors and so on. No one will know you are contemplating a sale. To top it off — there is no commission to pay so you do even better. This all sounds good, so what's the problem? The problem is that you haven't targeted or marketed your property to the best buyers out there. And whose interest do you think that the buyer is actually acting on? Here's a clue: not yours. Please do yourself a favor and get some good solid information about the current value of your community before you act on an offer from a direct buyer.

6) Hawaii Investors.

Prices are super high in Hawaii, so this buyer doesn't flinch much (or at all) about prices in the Midwest. Looking for a 20% cash on cash return on a down payment.

7) Vacant Sites Buyers.

This buyer has honed and polished its home purchasing, home marketing, financing, and home rental programs. Vacant sites are no problem for this buyer. If you are holding off on selling until you fill more sites or sell more homes (which can take a long time) it would be worth it to see what the value of your community is with its present occupancy.

8) MICHIGAN Buyers.

Michigan is OK for acquiring manufactured home communities. Many investors say that they are no longer worried about buying in Michigan and in fact are actively seeking Michigan properties.

9) A former manufactured home community portfolio executive is starting his own portfolio.

Prefers Wisconsin, Illinois, Michigan and Indiana.

**IT WILL NOT BE A WASTE OF YOUR TIME TO CALL ME ABOUT YOUR COMMUNITY.
YOUR CALL WILL BE CONFIDENTIAL AND THERE IS NO OBLIGATION.**

**Joanne M. Stevens, CCIM
Broker Associate
NAI Iowa Realty Commercial
116 3rd St. SE, Cedar Rapids, IA 52401
Direct: 319-378-6786
Cell: 319-310-0641
E-mail: joannestevens@iowarealty.com
www.JoanneMStevens.com**