



Manufactured Home Community and Mobile Home Park Newsletter

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For more information on
**LISTINGS OF PARKS &
COMMUNITIES**

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THE MARKET REPORT ON MANUFACTURED HOME COMMUNITIES

Overall, 2013 has been a robust year for sales of manufactured home communities. Expect 2014 to be as robust for sales, if not more so.

Historically low interest rates make investors very desirous of buying real estate and taking advantage of the low interest rates. During the Great Recession it became difficult to impossible to finance commercial real estate loans. That's because banks required 40% down or even 50% down. That is to say, the banks would loan 50% or 60%. Plus, the banks wanted a 1.25 or even 1.30 debt coverage ratio. Basically, banks wanted a bigger cushion of net income after debt service called the DCR (debt coverage ratio) to "cover" any income shortfalls. Roughly from 2008 to 2011 the banks were in overdrive on lending conservatively. Holy pendulum swing! From the Go! Go! mid-2000s when just about anyone could get a loan for just about any real estate, it changed almost overnight to scarcely anyone could obtain loans. Then the commercial lending scene changed again. Banks, especially local banks, are exuberant about commercial loans, especially mobile home park loans. AND, banks are getting somewhat more OK with

manufactured home communities with more park-owned homes. It seems that banks are more accepting of park-owned homes, be they home rentals or homes sold on contract as a component of the business model.

Yes, there are a lot of buyers. Most of my listings are garnering multiple offers. The communities are selling for close to list price, or at full list price. There are **NOT ENOUGH LISTINGS** for the number of buyers.

Joanne Stevens is a specialist in consulting and brokering mobile home parks and land lease communities throughout the U.S. With her 20 years of experience in developing, zoning, owning, retailing, managing, turning around and brokering parks, she can enhance your decision to sell your property.

For a **FREE MARKET ANALYSIS** on the value of your park or community, contact Joanne Stevens at:

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Thinking about selling?
I am always happy to do a **FREE, CONFIDENTIAL, NO OBLIGATION** market analysis of your manufactured home community or manufactured home community portfolio.

RAISING RENT

The Hames family, owners and operators of several manufactured home communities in the Midwest, give residents a five to six month notice of rent increases. This gives residents extra time to get used to it, thus cutting down on complaints. The time lag helps to dissipate the resistance of the higher rent.

Another rent increase tactic is the two-step increase. For a larger rent increase, phase in the rent in say, March and September. With rent increases, have a reason (or reasons) for the increase. Ideally, the reason is more than "increased costs". A lot of manufactured home communities have older streets, water lines and sewer lines. One reason to raise rent is to do capital improvements and budget for future capital improvements.

HOME SALE CALL BACKS



A manufactured home community owner of 50 plus communities advises that the way to ramp up home sales is to return calls faster from prospective buyers and renters. This company discovered that some managers had a lackadaisical attitude about calling people back that left messages about seeing or buying the homes.

It is up to owners to set the priorities for the manager. Other than an emergency, what else could trump a call from a prospective homebuyer/resident?



HAVE YOU TRIED.....?

1. Daily Deposit Reports? For owners with managers that deposit rents, have the manager send you an e-mail on the day of the deposit with the amount deposited. (From a multiple manufactured home community owner who owns several businesses.)
2. Using security cameras in your community? Multi-Family Housing Magazine reports that security cameras are expected in student housing developments, whether on or off campus. Today's college students are tomorrow's home buyers and renters. They want and expect a certain "sense of safety", according to the magazine.
3. Closing the office for two weekdays and being open Saturday and Sunday? One of the largest manufactured home community portfolio owners does this at many of their communities. The company owns over 9,000 sites. Their business model requires that they sell or lease homes in order to generate lot rents. Being OPEN when customers are off work and can look at homes is essential for them to sell and lease homes.

CONGRATULATIONS TO:

RANDY ROWE

For being the Honorary Chairman of the Urban Land Institute annual meeting in Chicago this past November. This is a very big deal. Urban Land is the global real estate development trade association and is known for being on the cutting edge of real estate trends in demographics, finance, green construction, marketing and much more. Randy Rowe is a veteran of the manufactured home community business and is the Founder and Chairman of Green Courte Communities. Throughout his career, Randy has displayed vision, leadership and excellence.



MANUFACTURED HOME INSTITUTE/NATIONAL COMMUNITIES COUNCIL

Sam Zell spoke “off the cuff” for 45 minutes at the October NCC meeting. Nathan Smith, incoming Chairman of MHI, did a masterful job of asking Sam good questions. Sam Zell looks so much more rested and healthy up close and in person than he does on CNBC. He was in good humor and in a reminiscent mood for the interview. He talked about how he “discovered” a portfolio of communities in Florida. He analyzed the numbers and like most manufactured home community investors on their first look at communities, was “surprised” at the return on investment (ROI). When the portfolio came up for sale, he moved fast to make the deal. There were other buyers and to differentiate himself, Mr. Zell included a \$10 million non-refundable earnest money deposit with his offer. After you recover from reading that, the rest of the story is that Mr. Zell won the bidding war, even though his offer wasn't the highest one.

Just for the record, Sam Zell is credited with creating the Mobile Home Park category of real estate investment. Mr. Zell bought his first manufactured home communities portfolio in the early 1990s. He took the portfolio public which gave much credibility to owning manufactured home communities. Investors, analysts and banks notice what Mr. Zell does. That was a case of what is good for Sam Zell is good for the manufactured home community business..

Bottom line, Equity LifeStyle Properties (trades under ELS) is a \$3 billion company and growing. It's stock has done very well! Mr. Zell believes in the future of manufactured home communities.

National Communities Council

The October NCC meeting in Chicago was worth the time to attend. If this meeting is a harbinger of future NCC meetings, it is a good use of manufactured home community owners resources to attend.

Selling Rental Homes

YES! Communities sell and rent homes in their communities. Jim Bramlage gave a presentation on converting home renters to home buyers. YES! uses its community building for, among other things, hosting rental conversion parties and events. They don't call them that, but they have barbeques, pizza parties and raffles to promote the rental conversion.

Some of the successful practices of YES! are:

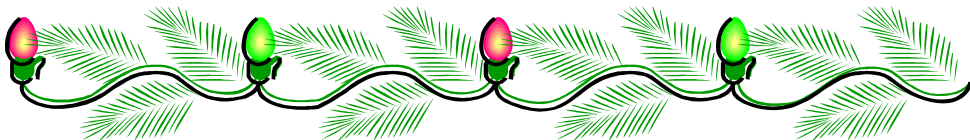
- 1) Six months of rental history in order to convert to home ownership.
- 2) Mailings to current home renters with information on converting to being a home owner.

The rental conversion program is a hybrid of rental homes and home sales. It's a path to home ownership for the renter. It's significant for YES! communities and it also gives residents a “nudge” to be a good renter. Incidentally, YES! Communities will build 70 new sites in one of their Des Moines manufactured home communities.



Merry Christmas

“Humanity is never so beautiful as when praying for forgiveness, or else forgiving another” Jean Paul



RECENT SALES

For More Information go to www.JoanneMStevens.com

| NAME | LOCATION | LIST PRICE | SALE PRICE | CAP RATE ON CURRENT NUMBERS | RENT | PRICE PER SITE | VACANCY |
|-----------------------------|--|-------------|--------------------------------|-----------------------------|------------------|----------------|---------|
| Bluffview Estates/160 Sites | N. Freedom, WI (45 miles North of Madison, WI) | \$3,000,000 | \$3,000,000 Multiple Offers | 9 | \$240 | \$18,750 | 5 |
| Coachlite Estates/70 Sites | LaCrosse, WI | \$1,100,000 | \$1,100,000 Multiple Offers | 9 | \$190 | \$15,714 | 2 |
| Marinette Estates/24 Apts. | Marinette, WI | \$825,000 | \$725,000 | 10.24 | \$488 Average | \$30,208 | 1 |
| Pal Park/39 Sites | Palmyra, WI | \$610,000 | \$610,000 Multiple Offers | 11.75 | \$218 | \$15,641 | 0 |
| Country Air Estates | Lake Mills, WI | \$995,000 | \$995,000 Multiple Offers | 10.5 | \$234 | \$18,425 | 1 |
| Coulee Region Acres | Onalaska, WI | \$1,575,000 | \$1,575,000 Multiple Offers | 8.75 | \$209 | \$16,935 | 19 |

UNDER CONTRACT

| NAME | LOCATION | LIST PRICE | SALE PRICE | CAP RATE ON CURRENT NUMBERS | RENT | PRICE PER SITE | VACANCY |
|---------------------------|-----------------|-------------|------------|-----------------------------|-------|----------------|---------|
| Cokel Mobile Home Park | Monmouth, IL | \$699,000 | TBD | 10 | \$200 | \$17,500 | 3 |
| Deerwood Estates/90 Sites | Springfield, IL | \$1,500,000 | TBD | 10 | \$266 | \$16,666 | 16 |

FOR SALE

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| NAME | LOCATION | LIST PRICE | CAP RATE ON CURRENT NUMBERS | RENT | PRICE PER SITE | VACANT SITES | PARK OWNED HOMES |
|--|---------------------------------------|-------------|--|-------|----------------|--------------|-------------------------------|
| Oakland 216 Sites | Austin, MN | \$1,975,000 | 7.75 | \$273 | \$9,100 | 112 | 3 |
| Westwood Manor 79 Sites | Kansas City Metro (Liberty, MO) | \$2,400,000 | 10 on Real Estate Plus 15 on Rental Homes | \$385 | \$25,063 | 4 | 26 |
| Quasky Village 39 Sites, 3 RV Sites, Commercial Building | Quasqueton, IA | \$335,000 | 15 | \$320 | \$7,857 | 13 | 10 |
| Deer Run 50 Sites | Merrill, WI | \$950,000 | 10 | \$280 | \$19,000 | 14 | 7 (2 Rental 5 Rent to Own) |