

6. 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 everyday. 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. 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? Not yours. Please do yourself a favor and get some good solid information before you act on an offer from a direct buyer.

*For more information about
marketing programs to sell*

Mobile Home Parks

And

Manufactured Home

Communities

call the Park Specialist

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“Active Buyers in Today’s Market”

Courtesy of

Joanne Stevens, CCIM

Mobile Home Park

And

Manufactured Home Community

Specialist

**Active Buyers in Today's Market.
What types of Parks & 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. The market is changing, as markets tend to do. 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 an assessment of your individual situation.

1. Refinance Buyers.

True until 2007. You can imagine with the cheap interest rates, what many investors were doing—leveraging their existing properties. There was tremendous refinancing of real estate occurring. As long as rates were low there was lots of capital.

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 very good condition. They pay good prices but you might do better with smaller buyers. Expect a 45-60 day or longer due diligence period.

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.

4. Geographic Buyers.

Many park/community owners have parks/communities from coast-to-coast. If the property meets their investment criteria it doesn't matter where it is. However, there is a trend for market dominance. That meant an investor owns multiple parks in one market and thereby dominates that market. There are cost savings in purchasing, marketing and managing in one market. If your property is in one of their target markets, that's a good thing. If they are pulling out of your market, you lost an excellent prospective buyer. Expect this trend to continue with other investment groups.

5. Earn-Out Buyers.

Think that your park/community will be worth more in the future than today? If only you had less vacancy? If only you had developed more homesites (assuming you have zoned, permitted, contiguous ground)? Is there some event or some 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. Often times the seller stays on to manage or oversee the anticipated event. There are many ways to structure a transaction like this.