



Commercial and Investment Real Estate Newsletter

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

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**NAI Iowa Realty
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TRENDS FOR SELLING MANUFACTURED HOME COMMUNITIES AND WHAT THIS MEANS FOR PRICING

2011 is proving to be a brisk year for the sale of manufactured home communities...and all cash to the sellers. Communities are selling quickly because there are a lot of buyers now. The Federal Reserve announcement that interest rates won't increase for at least two years is motivating buyers to jump into the market. There aren't enough manufactured home communities and mobile home parks on the market to meet the demand.

Why Are They Selling?

Owners are selling for a lot of reasons. The eight most common reasons are:

1. Desire to retire and enjoy life.
2. Prices are good.
3. Discouraged by all the new legislation for financing homes.
4. Tired of operating the community.
5. Frustrated with homes moving out.
6. Not interested in buying homes or not capitalized to buy homes.
7. Accountant says to sell because of low capital gains tax.
8. Worried that occupancy will continue to decline.

Joanne Stevens is a commercial investment/real estate professional consulting people 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. She has been involved in sales of parks, multi-family and investment real estate.

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

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Why There Are More Buyers Now

- Low interest rates. Buyers want to take advantage of the low rates that they know won't last forever. It's one of the reasons why farm ground values are going through the roof. In Iowa, in the last 12 months, farm land has increased over 25%! Investors want cash flow, safety and predictability.
- Stock Market volatility. There have been two major stock market downturns in the last ten years. The dot.com bubble in 2001 and the September 2008 crash, the commencement of the Great Recession, not to mention this summer's stock gyrations. "The stock market doesn't do it for me anymore," is something investors are saying a lot.
- Property Management. Technology continues to improve, making it more profitable to operate manufactured home communities.
- More banks are starting to lend again although today financing is based as much on the buyer as the property.

IF YOU HAVE EVER THOUGHT ABOUT SELLING YOUR COMMUNITY, NOW IS THE TIME. Currently, the trends favor sellers. Listings are selling quickly and for all cash to the sellers. I have a lot of buyers, so please call and let's talk about you and your property.

Pass Through Expenses

A number of New York State owners are passing through to the tenants increases in insurance and real estate taxes. In non-residential commercial leases this is a standard practice. When the owner receives the new tax or insurance bill, the tenant is notified as to how much the "additional" rent is. It's all agreed to in the original lease. The pass-through is in addition to rent increases. Some locales are having aggressive real estate tax increases due to budget shortfalls. Of course, the landlords' responsibility is to contest increased taxes. It's a concept that might pick up steam as costs increase.

Heard at the George Allen Roundtable, from an attendee / owner of multiple communities:

"We continue to come to the Roundtable because we are optimistic and believe that something positive will happen in the manufactured housing business, but we don't know what".

The "what" might be the groundswell of home buyers and rent from the downslide of household income over the last 15 years, which has got to change the housing expectation for many Americans.

"Used Home Stock is Being Depleted"

Joe Stegmayer,
CEO of CAVCO
Industries

More older homes are being junked. More community and park owners are hunting to buy used homes and having a hard time finding any. Meanwhile, new manufactured home production is expected to hit a new low for 2011, of under 50,000 floors.

CAVCO had a very cool single section at the Roundtable. Well designed, green, soothing colors. For more info to to:
www.cavco.com

People are Talking About...

Competition: New Apartments and Geo Thermal
 A colleague of mine here at NAI Iowa Realty Commercial is developing apartments. Rent on a new 1,400 SF, 3 bedroom, 2 bath unit is \$800 to \$850. It's being financed with tax credits, so a majority of tenants will need to earn 80% or less than the area median income. There is geo-thermal for the heating and cooling, which is expected to average \$25 per month. Not only are heating and cooling costs going to be cheap, but the cost will be included in the rent for the 1st year! Tenant only pays electricity. The units feature granite countertops and underground parking. Does this sound like a new source of competition for the MH business? In my market site rent and house payment for a 3br, 2ba unit averages \$600, and the home is 10-20 years old. The exit strategy for the developer is to go condo in 10 years and sell the units.

“GOING SOLO: The Extraordinary Rise and Surprising Appeal of Living Alone” by Eric Klinenberg

Turns out that living alone is a major housing trend and not just for city dwellers. It's growing fastest in small towns. Sociologist Eric Klinenberg describes it as “one of the great demographic changes in modern history.” He is the author of “Going Solo: The Extraordinary Rise and Surprising Appeal of Living Alone”. This could be good for manufactured home communities because it increases the demand for housing and some households will want a manufactured home.

SHOULD THE MANUFACTURED HOME BUSINESS “GO MH”?

Should we have a national ad campaign like “Go RV” ? MHI, the national trade association, has been talking about an ad campaign for over 15 years and it's never gotten any traction. The reason: too many potential disconnects between the advertising images of manufactured homes and communities and the let down of the reality of the customer experience at the local dealer/retailer manufactured home community when it doesn't match expectations from seeing the commercial. Maybe a start would be You Tube videos or putting videos on the Manufactured Housing Institute website.

TROUBLED BANK ASSETS AND MH COMMUNITIES

Investors assume that there are a lot of banks with a lot of non-performing real estate loans, and so there are a lot of good bank owned deals out there. So far, that has not happened much, at least with parks and communities. The ones that are on the market...well, there is a reason they are called “distressed”. There are vacant sites, abandoned homes, park owned homes that need rehabbing. Buyers for these properties need to be well capitalized and have the time to deal with the “distress”. It sounds like it should be simple to buy a bank owned property, but it is not.

QUIZ



What Elvis Presley movie has a Mobile Home Park called Century Estates in it? (Answer below).

Dave Boegen named his community Century Estates after seeing the movie...a few decades ago!

Answer: In the 1963 movie “It Happened at the World’s Fair”, Presley’s character “Mike” lived in a mobile home park called Century 21 Estates. The movie was filmed on location at the Seattle World’s Fair.

This newsletter and its content are not meant as a solicitation of any property(ies) that may be listed. This is a creation of Joanne M. Stevens with NAI Iowa Realty Commercial as a resource for Mobile Home Park/Manufactured Home Community owners.

ARTICLES CURRENTLY ON JoanneMStevens.com:

- “Malibu Mobile Home Park Story”: It’s not really an MHP if it’s in Malibu!
- “Six Mistakes Housing Investors Make”: It’s about site built rentals but it applies to manufactured home rentals.
- “Top Ten 1031 Exchange Misconceptions”

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FREE REPORT!

#8014

“How to Sell a Mobile Home Park or Manufactured Home Community That Didn’t Sell”

Call:

1-877-360-2730

Instructions are pre-recorded, so no one will talk to you when you call.

What Joanne Stevens and NAI can do for you:

- Free, CONFIDENTIAL Market Evaluation of your park or community
- Large database of national buyers
- Known for getting top dollar for sellers
- Over 20 years experience in owning, managing, listing and selling parks and communities

Do you want this newsletter to go to a family member or friend?

Send me their e-mail address or mailing address if preferred, and I’ll be happy to send it to them, too!

**Parks/Communities
for sale can
be found at
JoanneMStevens.com**