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March

# MANUFACTURED HOME COMMUNITY & MOBILE HOME PARK NEWSLETTER



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## I am Selling My Park. *Should you?*

For years this newsletter has chronicled Sellers of mobile home parks, why they sold, and especially how Sellers prepared to sell. The objective of the newsletter is to assist mobile home park owners to maximize their park cash flow by writing about best practices of some of the best park owners in the country. The second objective is maximizing the sale price for mobile home park owners. Maximizing the sale price was borne of witnessing many mobile home park sellers selling for below, sometimes far below, market price. I still remember a couple that stopped by my office to happily announce “guess what we just did?”. They had just closed on the sale of their park. When they told me the price, inwardly I winced, but kept smiling. Who was I to rain on their parade? They got their price and were able to retire.

At about this same time, the first wave of “consolidation” of parks began. A former Wall Street investment banker started buying a lot of parks. He started making unsolicited offers and he found plenty of Sellers. **Almost all of the Sellers had retirement on their minds and were looking for an exit plan from their mobile home park. They found one but like the couple that sold and retired, oftentimes the price was below market.** I started this newsletter to better inform owners about the market value of their parks and how to get that value.

Several years ago, I sold a park. The situation was that my partners didn’t want to invest in buying new homes and filling

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A Berkshire Hathaway Company



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sites. They thought selling homes was too much work and that eventually retailers would start filling our vacant lots. We were divided on this. Then an unsolicited offer came along, and we accepted it. It didn't seem like we, the partners, would break through the home sales impasse. And the park occupancy was declining. Better to sell before things got worse, I thought. That was a good real estate decision.

**When partners don't agree on something basic like home sales and filling vacant lots, it's not going to get better.**

I am preparing to sell another park and here is why:

- Prices are fabulous. I feel worried that this might change when the national economy dips. Interest rates are the biggest concern. Rising interest rates can tamp down prices. That's already happening in residential real estate. Even though interest rates are historically cheap, a multi company real estate executive told me interest rates had risen 60% in the last few years and this is causing fewer buyers.
- Over supply of capital, investors, and lenders. The market is rather exuberant these days. Time to sell.
- The Park is in a small town and has quite a few small sites. In a normal market, the seller might get dinged on the price for this. But we aren't in a normal market. This probably won't last. Another reason to sell.
- Probably my value is maxed out. I've added water meters, replaced quite a bit of water and sewer lines, built some RV sites on the stunning riverfront (not in floodplain). There's not much more I can do to add value.
- Rent is a little under market so that there is room for the new owner to "add value" by raising rents.
- As for the Capital Gains tax, I will probably pay them. Yes, it will be a big tax bill. My expectation is to find another investment, but most importantly the right investment. This might take longer than 180 days. And I don't mind paying the taxes. This country is #1 in real estate laws, as many non-US investors have told me over the years. If you are reading this, you probably pay a lot of taxes. In this country, we get a lot in return for our taxes.

## Income Insight:

### Staging Sells

It is simple fact that staged homes sell much faster than un-staged homes, not just by days but by weeks and even months faster. 73% faster to be exact.

90% of home searchers (buyer or renter) start their search online and decide based on the pictures and online information whether or not to visit the property.

Not staging available homes for sale or rent helps other homes sell/rent faster and for more.



## Design Trends Coming to a Manufactured Home Near You:

### 1. Rustic Accents:

Farm House sinks, Barn Doors, and wood and galvanized metal accents. Modern Farmhouse is a big design trend that plays well in Manufactured Homes. Many of the manufacturers have jumped on the design trend that stages so very well. *“Striking just the right balance of pastoral and refined, modern farmhouse decor emphasizes comfort and casual living with contemporary sensibilities reflective of today's times. ... Its stylized approach to comfort and beautiful, simple design, evokes a spirit that is warm and inviting, even if you are nowhere near a farm.”* (decoraid.com)



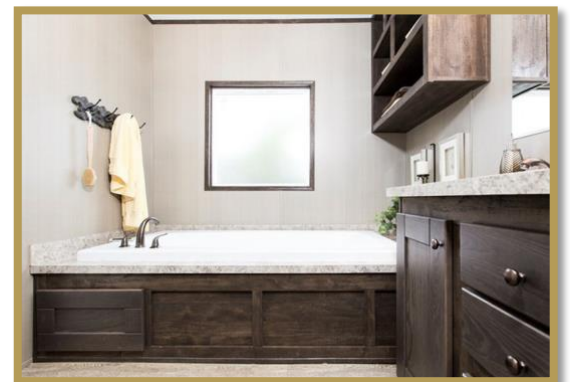
### 2. Gray Walls and Dark Woods:

Gray continues to be the it color for design. A neutral that is anything but neutral, it allows buyers and renters the ultimate backdrop to stage their homes. Dark wood has made a comeback. Flooring, kitchens, and baths, it pairs well with the gray walls and popular modern farmhouse style.



### 3. Smart Home Features and Flex Space:

Wireless thermostats controlled with your phone, built in USB charging ports in the wall or counter, automated lighting, smart features are selling homes and are being integrated by the manufacturers to appeal to new generations of MH buyers. Flex space allows people to live in their homes, their way whether it's a bedroom, an office, a gym or a hobby room. Flex rooms have been noted as appealing to both Millennials and Baby Boomers, who may need a guestroom one month, but a craft or project room the next month.



Please email Joanne with your comments or your own trends to watch.

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Past Newsletters are on my website.

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Click newsletters on the left-hand column.

## SAVE THE DATE: Links on Our Website

### 2019 MHI Congress & Expo

Hyatt Regency New Orleans, New Orleans, LA 70113

5/6 - 5/8/2019

### 2019 MHI Annual Meeting

The Westin Savannah, Savannah, GA 31421

9/22 - 9/24/2019

### 2019 NCC Fall Leadership Forum

Westin Michigan Ave, Chicago, IL

11/13-11/15/2019

Keep current on mobile home industry events.  
Go to my website; you will find information on upcoming events.

### WHAT IS YOUR PARK WORTH?

I am always happy to do a FREE, NO OBLIGATION, Real Estate Review for your park(s). You ought to know today's market value of your real estate investments.

If this is something you would like, simply give me a call at 319-378-6786, email me at [joannestevens@iowarealty.com](mailto:joannestevens@iowarealty.com), or visit <http://joannemstevens.com/>

Joanne Stevens is a specialist in listing and selling mobile home parks and manufactured housing communities throughout the U.S. With her 20 plus years of experience in developing, zoning, owning, retailing, managing, turning around and brokering parks, she can maximize your sale price.