

PRESS RELEASE

EL CAJON, CALIFORNIA

NOVEMBER 1, 2002

CLEAN, OLDER, EL CAJON TRAILER PARK SELLS FOR 8% CAPITALIZATION RATE

The sale of the Ivy Park located at 309 Orlando Street, El Cajon, CA, closed November 1, 2002 for \$1,135,000. John Grant of Park Brokerage Inc. represented the buyer and the seller in the sale.

Ivy is an older park with 20 permanent RV spaces, 16 singlewide mobile home spaces, and a small house. The park was built in the early 1950's and occupies 1.80 acres for a density of 21.1 units per acre. Ivy is an all ages community but was 55+ until two years ago, and most of the current residents are seniors. The space rents were being increased effective February 1, 2003 from \$290 to \$325 for the RV spaces, \$325 to \$365 for the mobile home spaces, and \$640 to \$690 for the house. Market rents are approximately \$375 for the RV spaces and \$425 for the mobile home spaces. There is no rent control in the City of El Cajon. The gas and electric utilities are submetered to the residents, and the rent includes the city sewer, city water, and trash utilities. There was one vacant RV space at the close of escrow. The property was in good condition at time of sale.

The buyer paid all cash for the property with no financing. With professional management expense the capitalization rate was 7½%. Counting the house as two spaces, the price per space was \$29,103.

John Grant commented, "Ivy is a clean, older park that fits a niche in providing affordable housing. In the last three years in Southern California as housing becomes more and more expensive, the rental demand for parks with smaller RV and mobile home spaces has soared. The small space parks use to have higher historic vacancy rates, but most older parks now enjoy occupancy rates in excess of 95%. Rents have greatly escalated in the last three years and Ivy was sold with below market rents".

Grant added, "Ivy would have sold for a 10% capitalization rate only two to three years ago. However with the very low interest rates, down stock market and no return in bonds and money markets, investors are willing to pay much lower capitalization rates. The buyer owns two other older "trailer parks" in El Cajon and knows that the demand for housing and rent increases continue to grow".

Grant said, "I see and hear about more and more real estate transactions closing with the buyer paying all cash with no financing. This buyer planned to finance the purchase. However, he had the purchase price in cash available. He decided to take his cash out of 2% money markets and not finance the property rather than pay a lender an adjustable interest rate in the 5%-6% range".

John Grant sells and finances manufactured housing community and RV parks exclusively throughout the states of California, Arizona, and Nevada. He has sold 90 manufactured housing communities and RV parks in the last fourteen years and financed over 100. For further information you can contact John at 800-987-3363.