

PRESS RELEASE

LANCASTER, CALIFORNIA

NOVEMBER 26, 1996

**NONPROFIT CORPORATION ONLY VIABLE BUYER IN DEPRESSED
MARKETPLACE
CITY GUARANTEES BOND FINANCING**

The sale of the Friendly Village Mobile Home Park located at 1301 E. Avenue "I" in Lancaster, California was completed on November 26, 1996 for \$9,000,000. John Grant and Vince Reynolds of Business Real Estate Brokerage Company represented the seller in the transaction.

This 4 star, 464 space (one of the largest in California), all age park is located on 56 acres. It is located in the high desert community of Lancaster in north Los Angeles. The park was built in 1970 and contains all doublewide spaces with approximately 75% doublewide homes. The park's amenities are a large clubhouse, pool, spa, playground, recreation field and RV storage. Gas and electricity are direct billed to the tenants.

The price worked out to be a 10.2% capitalization rate on \$925,000 in net income. The buyer was a California nonprofit mutual benefit corporation on behalf of the tenants. The sale was financed by bonds guaranteed by the City of Lancaster.

John Grant commented, "Fueled by the defense industry the high desert areas of north Los Angeles County experienced a huge building boom in the mid to late 80's. When the defense industry was greatly reduced in the early 90's hundreds of thousands of jobs in the Los Angeles area were lost, the high desert housing market collapsed."

"At the close of escrow the park had 55 vacancies or a 12% rate, which was very good for the Lancaster market. Average vacancy in the Lancaster/Palmdale area is above 30%. The park has weathered the housing depression in the area better than most parks. Most of the parks built in the mid to late eighties are suffering vacancy rates in excess of 50%. Because many tenants who purchased their mobile homes during the hot market of the 80's had loans of \$40-\$50,000 on a home now worth only \$15-\$20,000, most abandoned their homes. Because Friendly Village is older and most of the tenants own their homes free and clear and just pay space rent, the park has not had the vacancy and abandonment problems of many of the other parks in the area" said Reynolds.

John Grant added, "We had this property on the market for over three years. The late owner had paid \$12,500,000 for the park in 1991. Every investor that reviewed the property could not get comfortable with the Lancaster market even at a depressed \$9,000,000 price and 10% capitalization rate. The tenants or the city in many depressed marketplaces are the only viable buyer."

John Grant and Vince Reynolds of Business Real Estate sell and finance mobile home and RV parks exclusively throughout the states of California, Arizona, and Nevada. They have sold 37 parks in the last eight years with dozens financed. For further information contact John or Vince at (619) 546-5400.