

VACAVILLE RV PARK SELLS FOR 10% CAP RATE



The sale of the Midway RV Park located at 4933 Midway Road in the unincorporated area of Vacaville, California closed on August 14, 2008 for \$2,900,000. John Grant of Park Brokerage Inc. represented the buyer and seller in the sale.

The RV park contains 63 full hookup RV sites and 1 mobile home site on 8.5 acres. However, it has permits for only 54 sites. The park was built in 1973 and is serviced by septic sewer and well water. Amenities include a large swimming pool, a railroad caboose which contains three new bathrooms, laundry, and owner's office, a brand new park office, playground, family picnic area, wifi, internet kiosk, and large eucalyptus, shade trees. The RV sites are very large and all but eight are pull thrus. The sale also included an eight unit storage container and a 2003 24x52 doublewide with 3 bedrooms/2baths.

The Seller had made many improvements to the park the last few years including replacing approximately two-third's of the park electrical system. 38 of the sites have new 50 amp electrical service.

The rental rates were \$40 daily, \$216 weekly, and \$675 or \$700 monthly. 80% of the tenancy was monthly with an average stay of four months. In 2007 the occupancy rate was approximately 85% and was comparable for year to date 2008. The property benefits from a great location being "midway" between San Francisco, Sacramento, and the Napa Valley.

The capitalization rate was 10%. The buyer assumed a private 1st trust deed of \$657,285 at an adjustable rate, and the Seller carried a \$1,492,714 2nd trust deed at 6% interest with monthly payments amortized over 30 years with a 10 year term. The property was in good condition at time of sale.

John Grant commented, "This well located RV park is a cash cow and sold with a cash on cash return on the buyer's down payment of 16% with excellent long term, fixed rate financing. The RV park sold for a higher return because of the bootleg sites, the private sewer and water utilities, and buyer's nervousness about the soft economy and high gas prices negatively affecting RV parks. However from my observations, I see little or no reduction in income compared to prior years for the RV parks like Midway that have primarily monthly tenancy".

John Grant sells and finances manufactured housing communities and RV parks exclusively throughout the states of California, Arizona, and Nevada. He has sold 140 manufactured housing communities and RV parks in the last 20 years and financed over 200. John can be reached at 800-987-3363.

Market time: 30 days, Escrow length: 60 days