

PRESS RELEASE

TULARE, CALIFORNIA

JUNE 5, 1997

FIVE STAR, 55+ COMMUNITY SELLS AT PREMIUM

The sale of the Oak Estates Mobile Home Park located at 2459 North Oaks Street in Tulare, California was completed on June 5, 1997, for \$3,725,000. John Grant of Park Brokerage Inc. represented both the buyer and the seller in the transaction.

The 55+ community was built in 1988 and has 138 large doublewide and triplewide spaces. The park has first class amenities with a 3,057 square foot, Mediterranean design clubhouse, large pool, spa, picnic areas with bbq, and RV storage. The park is situated on 19.21 acres for a low 7 homes/acre density. The gas and electric utilities are directly billed by the utility companies. The doublewide and triplewide manufactured homes in the park sell for prices up to \$125,000.

The park had a 16% vacancy rate at time of sale with 22 vacant spaces that had never been occupied. The park filled fairly quickly after it was built, but absorption stopped when the central valley and southern California housing market depression hit in 1991. Single family homeowners that were retiring were not able to sell their houses at sufficient prices and to then move into the park.

The park had average space rents of \$300 at time of sale, and there is no rent control in the city of Tulare. The park sold at a capitalization rate of 7.5% based on existing income. The buyer assumed existing financing from Provident Mutual Life Insurance Company at 8.375%, and Provident also provided a second trust deed at 8.75%.

John Grant commented, "The buyer was willing to pay a premium for the park because of its five star quality, senior tenancy, and potential upside in filling the remaining vacant spaces. Some potential buyers looked at the vacancy as a negative in that it could go higher, but the buyer talked with the local manufactured home dealers in the area, and was confident that the local area along with the rest of the central valley and southern California has finally begun its real estate recovery."

Grant added, "This park may be the finest manufactured housing community in the San Joaquin Valley. While the park sold for a premium at a 7.5% capitalization rate, we had a number of backup buyers who also appreciated the high quality of the park and also believed the housing market was improving and that the vacant spaces would soon be occupied."

Grant stated, "Five star, senior, and newer communities are almost impossible to buy. Most mobile home parks in California were built between 1965 and 1975. It is an exceptional opportunity to find such a premium community for sale in today's market."

John Grant sells and finances mobile home and RV parks exclusively throughout the states of California, Arizona, and Nevada. He has sold 43 parks in the last nine years with dozens financed. For further information contact John at 800-987-3363.