

PRESS RELEASE

BAKERSFIELD, CALIFORNIA

MAY 28, 1999

WEAK MANAGEMENT AND MARKET AREA CAUSES HUGE LOSS

The sale of the Plymouth Mobile Manor mobile home park located at 211 W. McCord Avenue in the unincorporated Oildale area of Bakersfield, California was completed on May 28, 1999 for \$1,000,000. John Grant of Park Brokerage Inc. handled the transaction.

The all age community was built in the late 60's and consists of 86 sites, house, and a duplex. The community contains six doublewide mobile homes with the balance single wides. Amenities include a small pool, recreation room, and laundry facilities. The community would probably be considered 2½ star.

Space rents were \$205-\$250 and included the sewer, water, and trash utilities. The house rented for \$475, and the duplex apartments for \$299 and \$320. There is no rent control in the county of Kern. The property sold with a 20% vacancy rate, one of the duplex apartments not rentable because of a bad roof, and deferred maintenance.

The 1998 actual net income was \$100,000 for a 10% capitalization rate at the \$1,000,000 purchase price. The seller had purchased the property 100% occupied in 1989 for \$1,625,000. The buyer paid all cash with no financing. The buyer plans to refinance the property after curing the deferred maintenance and filling the vacancies.

John Grant commented, "The owners who are not willing to put money back into their properties usually pay the consequences. Especially in the weaker market areas, the lack of maintenance and marketing results in a slow death for the property. The seller purchased the property in 1989 with a net income of approximately \$145,000, and let it slide down to \$100,000 at time of sale."

Grant added, "Bakersfield has been one of the softer market areas in California. The two big employers in Bakersfield, oil and agriculture, have been struggling with low prices. To keep their parks full, owners have had to aggressively market their properties. Strategies have included buying mobile homes in their park to prevent them leaving, buying mobile homes from outside the park and installing them on their vacant spaces, renting mobile homes, and renting vacant spaces to recreational vehicles. The buyer is experienced in using these strategies to fill struggling communities."

John Grant sells and finances manufactured housing community and RV parks exclusively throughout the states of California, Arizona, and Nevada. For further information you can contact John at 858-586-9400.