

PRESS RELEASE

PALMDALE, CALIFORNIA

MARCH 29, 1996

**INVESTOR STEALS QUALITY PARK IN DEPRESSED MARKET
MISMANAGEMENT AND 20% VACANCY PROVIDE LARGE UPSIDE**

The sale of the Sagetree Village Mobile Home Park located at 3524 E. Avenue R in Palmdale, CA was completed March 29, 1996 for \$5,000,000. John Grant of Park Brokerage Inc. represented the buyer in the transaction.

The park is an attractive, 4-star park, and contains 330 spaces on 37.5 acres. 180 spaces were built in the mid-1970s, and 150 spaces were built in the early 1980s. The park contains all doublewide spaces, and mostly doublewide homes. Many of the homes in the newer section contain garages. The park amenities include a clubhouse, two pools, spa, its own cable TV system, playground area, and 24-hour security. The park is subject to the city of Palmdale's rent control ordinance, but most of the tenants are on long term leases exempt from rent control. From 100% occupancy in the late 1980s, the park has steadily lost mobile homes, and was 20% vacant at time of sale. The space rents averaged \$300 with all utilities and security passed through.

The buyer put \$1,600,000 down, assumed a \$2,900,000 1st trust deed with John Hancock Life at 9%, and the seller carried \$500,000 at 8%. Both the 1st and 2nd trust deeds are due 6/98. The sale also included 27 park-owned rental mobile homes.

John Grant commented, "The Antelope Valley has been one of the hardest hit real estate areas in Southern California. The area experienced a severe downturn because of its reliance on defense company employment, and spillover from Los Angeles growth. We could have sold this park in the late 1980s for \$30,000/space. Subtracting a \$350,000 value for the park-owned coaches, the park sold for only \$14,000/space. However, Los Angeles county has recovered most of the 500,000 jobs it lost in the recession, and the rental market has improved dramatically in the Antelope Valley. Hopefully within the next couple of years, the mobile home parks in the Antelope Valley will begin to experience absorption again."

Grant added, "The park was owned by a partnership, and the partners had health problems and lacked cash during the recession to battle the tough market. The partnership was not able to buy most of the repo mobile homes when they came up for sale, and lost occupancy when most of the repos were purchased by park owners primarily from Las Vegas and Arizona, and pulled out of the park. If the partners had purchased the repo mobile homes, the park could have maintained a much higher occupancy and enjoyed the recent return of the strong rental market by renting or selling the mobile homes on a lease/option basis. Management had also not adjusted to the change in the marketplace. The expenses for the park were \$1,840/space/year net of taxes and utilities. The typical California park runs \$900/space/year. The buyer plans on streamlining the expenses, and improving the efficiency and cash flow of the park."

John Grant sells and finances mobile home and RV parks exclusively throughout the states of California, Arizona, and Nevada. He has sold 32 parks in the last eight years with dozens financed. For further information contact John at (858) 586-9400.