

SAN MARCOS, CALIFORNIA

MARCH 7, 2006

QUALITY, RENT CONTROL MHC SELLS FOR 6.3% CAP RATE



The sale of the Villa Vista Mobile Estates located at 2907 S. Santa Fe Road in the north San Diego county City of San Marcos closed on March 7, 2006 for \$4,950,000. John Grant of Park Brokerage Inc. represented both parties in the sale.

The all ages, four star community was built in 1972 and has 85 sites on 10.48 acres. The community currently has 81 doublewides and 4 singlewides on all doublewide sites. Amenities include a large clubhouse with office, kitchen, two game rooms, library, billiards room, fireplace, and bathrooms with saunas, pool, spa, covered shuffleboard courts, RV storage, and wide crown streets.

The site rents range from \$353-\$600 with an average of \$492 plus submetered gas, electric, and water utilities and monthly \$29.83 sewer and \$16.18 trash charges. The community is subject to the onerous City of San Marcos rent control ordinance that has limited annual rent increases and no vacancy decontrol. Broker believes market site rent is \$800. 22 of the sites were on long term leases exempt from rent control with expirations ranging from 2007-2016.

The buyer paid cash to new financing of only \$422,500. In addition to the purchase price, the buyer paid the seller's prepayment penalties on the seller's existing loan of \$169,190. After adding the cost of the prepayment penalties, the capitalization rate was 6.3%. The property was in very good condition at time of sale.

John Grant commented, "Villa Vista is a quality, doublewide manufactured housing community in a great location that every investor likes to own. Unfortunately, it is located in a city that has a very unreasonable rent control ordinance. The challenge for the buyer will be to obtain rent increases that reflect its market value".

John Grant sells and finances manufactured housing communities and RV parks exclusively throughout the states of California, Arizona, and Nevada. He has sold 123 manufactured housing communities and RV parks in the last 19 years and financed over 100. John can be reached at 800-987-3363.

Market time: 21 days, Escrow length: 9 months. Buyer was ready to close escrow in 90 days but tenant association had a first right of refusal. Tenant association could not match the terms of buyer's offer and then litigated to attempt to obtain extended time to match offer.