

PRESS RELEASE

YUMA, ARIZONA

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FIRST CLASS RV RESORT WITH LOW AMOUNT OF PARK MODELS AND PERMITTED SPACES TO DEVELOP WILL PROVIDE INVESTOR WITH LARGE UPSIDE

The sale of the Roger's RV Resort located at 9797 East Highway 80 was completed March 25, 1996 for \$6,500,000. The buyer also assumed \$470,000 in prepaid rental liability. John Grant and Vince Reynolds of Business Real Estate Brokerage Company represented both parties in the transaction.

The park was built in 1985 and 1991 and contains 906 existing full hookup RV spaces, a 1,220 yard 9 hole golf course, and extra land permitted to add 180 spaces. Space sizes average 32X49 feet for potential 100% park model tenancy. The park has luxurious amenities with a 17,600 square foot recreation center with a 6,000 square foot chandeliered ballroom, 60 foot pool, and 34 foot jacuzzi. The park is located on 73.59 acres, and has city utility services except for a septic sewage system.

The buyer put \$2,000,000 down, and obtained a new \$4,500,000 1st trust deed from GE Capital. Adding the \$470,000 prepaid rental liability to the purchase price, the capitalization rate was 9.5%. "The park has strong upside potential as most of the prepaid rentals will expire in the next two years, and most of the prepaid rentals are park model tenants. The buyer is confident that these tenants will remain in the park and become annuals once their memberships expire," commented Reynolds.

John Grant said "The park is one of the best RV resorts in Yuma, but has suffered lower occupancy and park model tenancy than its competitors in the marketplace. The seller was Canadian, and 50% of the tenancy is Canadian. The problem with Canadian tenancy is that they stay on average almost a month shorter than American visitors because of their health insurance premiums and weaker dollar. The Yuma market averages only 20% Canadian tenancy, and the buyer plans on strongly marketing to visitors who reserve for five months or annuals. The longer visitors are typically U.S. residents."

Vince Reynolds added "The park has only 20% park model tenancy where comparable parks in Yuma have 50-75% park model tenancy. Because of the strong security and more certain income stream, investors and lenders desire parks with a majority of park models. The buyer at the close of escrow immediately started a strong park model marketing program. The buyer's goal is to reach at least 75+% park model tenancy." Reynolds also added "The same park in Phoenix would have sold for twice the value. However, the Phoenix market is becoming increasingly expensive and busy. Many winter visitors desire Yuma because of its better prices, proximity to Mexico, and smaller size. The 95/96 winter season was good one in Yuma with a strong increase in winter visitors, and rent increases in many of the RV resorts".

John Grant and Vince Reynolds of Business Real Estate sell and finance RV and mobile home parks exclusively throughout the states of California, Arizona, and Nevada. They have sold 31 parks in the last eight years with dozens financed. For further information contact John or Vince at (619) 546-5400.