

**HIGHER CAP RATE FOR GREAT LOCATION BECAUSE OF ENCROACHMENTS**

The sale of the Beachwood Mobile Home Park located at 34052 Doheny Park Road in the City of Dana Point, CA closed on July 22, 2013 for \$10,050,000. John Grant of Park Brokerage Inc. and Don Grummer and Jim Joffe of J&H Asset Property Management Inc. handled the sale.

The all ages manufactured housing community has 96 sites on 4.7 acres and is located one-half mile from the beach in a very desirable beach community in Orange County. It was built in 1952 but had an extensive renovation in 2008 with new electrical and water systems, asphalt overlay, pool upgrades, 22 new manufactured homes installed and sold, and other improvements. At the time of sale the community had 17 doublewides, 67 singlewides, 4 park models, 4 RV's, and 4 vacancies. Amenities include a 793 sf recreation center with assembly area and office, a 1,104 sf building with laundry, restrooms, and storage, swimming pool, playground, and bbq area.

Site rents were \$900-\$1,200 plus all utilities. There is no rent control in the City of Dana Point. Eight rental homes, three new manufactured homes for sale at \$69,000 each, and \$850,000 in manufactured home notes were included in the sale.

23 sites encroach into a City of Dana Point easement for future street widening that will probably never happen. Another 23 sites encroach on the adjacent mobile home park. Financing was more difficult and at a higher cost to obtain because of the encroachments.

The buyer obtained a new 1<sup>st</sup> trust deed for \$7,000,000 and the seller carried a \$1,000,000 second trust deed at 6% interest only for five years. Deducting \$1,000,000 for the manufactured home notes and manufactured homes included in the sale, the capitalization rate was 7.4%. The property was in good condition at time of sale.

John Grant commented, "Despite the encroachment issues, because of the great southern Orange County beach location, investor interest in this property was overwhelming. Most Orange County manufactured housing communities sell in the 5.0%-5.5% capitalization rate range, and so the 7.4% capitalization rate compensated for the encroachment issues".

John Grant sells and finances manufactured housing communities and RV parks exclusively throughout the states of California, Arizona, and Nevada. He has sold 159 manufactured housing communities and RV parks in the last 25 years and financed over 200. John can be reached at 858-586-9400.

Market time: Three weeks, Escrow length: 5 months