

PRESS RELEASE

COSTA MESA, CALIFORNIA

OCTOBER 22, 1999

ORANGE COUNTY, CALIFORNIA TRAILER PARK SELLS FOR LAND VALUE

The sale of the Snug Harbor Trailer Park located at 1626 Newport Blvd., Costa Mesa, CA, closed October 22, 1999 for \$2,025,000. John Grant of Park Brokerage Inc. handled the transaction.

Snug Harbor was built in the late 40's and contains 50 spaces on 2 acres. It is located in the beach community of Costa Mesa next to high priced Newport Beach in Orange County, CA. Like many older, beach trailer parks in Southern California, it started off as a trailer camp or RV park, and over the years, became a permanent trailer park.

The property is surrounded by higher use commercial property and another trailer park. The buyer owns the trailer park next door and plans to consolidate the two parks. He plans on rebuilding the two parks and selling new RV park models with space rents of \$695/month. Snug Harbor is very near Lido Park in Newport Beach where the owner is selling two story manufactured homes on the bay at \$1,000-\$2,000 space rents. The existing rents were \$315, and there is no rent control in the City of Costa Mesa.

The property sold for a 5% capitalization rate or \$23/square foot. The \$23/square foot is approximately the value of the land if it was vacant. Most mobile home or trailer parks in California typically sell for large discounts from their "land value". It is very difficult/expensive to relocate mobile home residents from a mobile home park in the State of California. Large relocation fees and notices are required from the government agencies. The buyer plans changing the status of the park to a RV park, and over the very long term, changing the use.

The Seller carried a \$1,525,000 1st trust deed at 8% for eighteen months. The short term seller carry was to give the Buyer time to reposition the park in the marketplace, raise rents, and then refinance the property.

John Grant commented, "It is very unusual for a mobile home park in the State of California to sell for its true land value. However, Snug Harbor is located in a very densely developed area of Orange County with a tremendous number of potential uses for the property. Even so, the buyer could only make it work because he owned the trailer park next door, and had economies of scale in running the two parks together".

John Grant sells and finances manufactured housing community and RV parks exclusively throughout the states of California, Arizona, and Nevada. He has sold 64 communities and parks in the last eleven years with over 100 financed. For further information you can contact John at 800-987-3363.