

SOUTH LAKE TAHOE, CALIFORNIA DECEMBER 20, 2012

4 STAR 265 SPACE MHP CLOSES ESCROW AT LIST PRICE



The sale of the Tahoe Verde Estates located at 1080 Julie Lane, South Lake Tahoe, CA closed on December 19, 2012 for \$17,000,000. **David K. Rogers of Park Brokerage Inc. handled the sale.**

This 4-star 265 space family park was built in the early 1970's and consists of 80% doublewides and 20% singlewides. Tahoe Verde is a very well maintained 4-star family park minutes from the lake, skiing, and Stateline entertainment. The park is also well located to the majority of employers within South Lake Tahoe. The buyer has made plans to make additional capital improvements that will make this community a welcome place to fill the 34 vacant lots. Tahoe Verde closed at a 5.88% capitalization rate on current financials with immediate upside. The park pays for water but the tenants pay for gas, electricity, sewer and trash. The buyer used a community based lender near their home base and was able to get the advertised loan of \$11,900,000 below 4% fixed. The park is not subject to rent control and was delivered with a 265 space map giving the buyer an exit strategy not delivered with any known recorded sale in the last five years. Tahoe Verde has all the amenities; a pool, spa, and 6,000 square foot clubhouse that contains an office, kitchen, laundry and large dining area. The park was 83% occupied at closing.

The average site rents were \$661 per month plus sewer, trash, gas and electricity. Most of the tenants were on month to month leases with 25% of the other tenants on five and ten year leases with a 3% floor on rent increases and allowed for tax increase pass-throughs.

The buyer is a Bay Area-based partnership that owns a large portfolio of mobile home parks and also owns industrial parks. The buyer had not purchased a mobile home park in more than ten years. While the sellers received multiple offers, the buyer's need to place capital made Tahoe Verde a very good fit for both parties. The sale closed 90 days from the acceptance date – right on schedule.

David Rogers commented, "There's always a shortage of well-occupied quality parks especially in a beautiful location like South Lake Tahoe. I consider South Lake Tahoe one of the most majestic places in the Western United States. The attraction to this area will always be strong. I'm not sure I can recall a park of this size and quality that has traded with such a wide gap of cap rate to loan rate. With a 2.01 bp difference it gives the buyer a 6.62% cash on cash return in year one with significant real upside. With the current – and future – political and taxation policies in California, Tahoe Verde offers a return not readily available in most financial markets to many large California buyers sitting on millions of investment dollars. With less than 10 large communities closing in California this year, opportunities to acquire these parks continue to be difficult. With lending rates this low sellers are seeing cap rates that were delivered in the hottest real estate market. I see cap rates for well occupied quality parks staying in the 5% cap range."

David Rogers added, "With multiple offers the seller was able to meet their price objective by an aggressive marketing effort. The sellers have been in the mobile home park industry for over thirty years and manage more than 50 communities throughout the west. I was honored to work for one of the most well respected groups in the industry.

David Rogers and John Grant sell and finance manufactured housing communities and RV parks exclusively throughout the states of California, Arizona, and Nevada. They have sold over 250 manufactured housing communities and RV parks in the last 23 years and financed over 200. David can be reached at 909-337-6589 and John can be reached at 858-586-9400.