

“Mobile Home Park” Updates

Information for the MHP Owner December, 2005

****ARC auction results**

I attended this auction in person where over \$215mm of properties sold! Some properties sold expensively and some buyers got some great bargains. Here are a few of my observations.

The event started slowly, as travel in was difficult for most attendees. It was snowing lightly that morning and the previous night. Many people experienced arrival delays of 1-3 hours. Despite the weather, attendance was high, with 500 people in the room, with most of these people being registered bidders. I also learned that there were about a dozen “telephone” bidders.

It took 5 long hours but 59 of the 71 properties were sold. Only the first 15 were absolute sales, so ARC may elect not to honor the sales terms of the last 44. I have learned that ARC confirmed only 16 of these sales and is trying to negotiate the price up much higher for the other 28. These buyers are mad! ARC third quarter results were poor and I had thought they would like to raise as much money as possible. If all 59 properties close, ARC should net just over \$201mm. If any of you know of specific sales from rounds 16 and up that either have been confirmed or have been cancelled, please let me know.

I felt the auctioneer Sheldon Good provided a pleasant environment and conducted a good auction for the sellers. The way they displayed on large screens the total buyer cost with each cap rate bid made it very easy for a buyer to know exactly what the total purchase price would be with every new bid. However, many buyers were displeased that ARC had reduced at the last minute the number of absolute sales from 30 to 15, but there was nothing the buyers could do about this change.

Looking to be your agent for your mobile home park needs!



Owner of:
Apple Ridge MHC
Gwinnett County
Cherry Valley MHC
Gwinnett County
Jackson MHC
Walton County

All information believed to be accurate but not guaranteed

“Mobile Home Park” Updates

Information for the MHP Owner December, 2005

**ARC auction results (continued)

The winning cap rate bids ranged from 2.75% to 17.0%, but it is more meaningful to look at the actual cap rate once the commissions and the prices for the park-owned homes are factored in. The summary spreadsheets attached have a column labeled “actual cap rates” and these rates ranged from 2.56% - 13.52%.

Sheldon Good had suggested that there would be buyers of multiple properties. One attached spreadsheet shows the properties sorted by buyer number, and although I missed about a dozen buyer numbers, it looks as if no one buyer purchased more than four or five properties. My analysis shows that 8 purchasers bought more than one property. Also, most buyers appeared to be smaller investors, rather than the larger players. United Mobile Homes, Inc. (<http://umh.com>) purchased one community in Tennessee to add to their portfolio of about 25 communities, but I wasn't able to identify any other larger buyers. If any of you know of specific purchases by any larger companies, please let me know the information you have and I will distribute it.

For those of you who are interested, I have sorted the data in many different ways.

- **by parcel number
- **by state
- **by total purchase price
- **by round, which also sorts by cap rate bid
- **by buyer
- **by actual cap rate
- **by price/pad and by price/occupied pad
and further by (/ \$ of pad rent)

Looking to be your agent for your mobile home park needs!



Owner of:
Apple Ridge MHC
Gwinnett County
Cherry Valley MHC
Gwinnett County
Jackson MHC
Walton County

All information believed to be accurate but not guaranteed