

THE NORTHWEST REPORT

January 2012

For Manufactured Home Community Owners, Operators and Investors

NEWS AND TRENDS

As we build momentum in 2012, many people invested in manufactured housing communities are anxious to do more business. Beginning in the 4th quarter of 2011, more manufactured home communities have come on the market and that trend has continued into the 1st quarter of 2012. The increase in inventory is due in part to the lack of sellers in prior years – sellers who have been sitting on the sidelines, uncertain about economic conditions, and concerned about the availability of financing, are now moving forward with plans to sell their community.

A lot of community owners have the impression it's difficult to find financing for their community, but that is not the case; lenders have increased their effort to offer attractive financing. Nevertheless, with more inventory on the market for buyers to choose from prices have decreased slightly and marketing times have increased. Inventory always fluctuates, but more inventories translates to a longer marketing cycle. Interest rates have declined again, supporting the efforts of sellers who want to maximize their sales returns. Normally, lower interest rates would drive down CAP rates but that hasn't necessarily been the case in this market either.

From a national perspective the price of manufactured home communities has slightly decreased, making CAP rates on properties outside the Northwest more attractive. This affects the views of some of the major national purchasers of manufactured home communities. Northwest CAP rates are lower than CAP rates from other regions of the U.S. Mid-size to smaller investors look at various kinds of opportunities, and CAP rates for multi-family and other income producing investment have increased over the past 6-8 month period. Another factor that drives CAP rates is utilities types, age, condition and occupancy.

If you see yourself as a seller in the next 18 months consider a few things. First, maintain your monthly expenses at very consistent levels. Second, strengthen your collection activity to minimize any potential loss in income. Third, ramp-up marketing of vacant spaces to maximize your occupancy level and minimize an appraisers tendency to assign an unrealistic vacancy rate to your community. Finally, remember that most buyers and appraisers will concentrate their analysis on your current financial performance and most recent trailing twelve months income and expenses to determine a reasonable Net Operating Income (NOI), which is the single most important number when calculating fair market value and CAP rates.

this information has been secured from sources we believe to be reliable, but we make no representation or warranties, expressed or implied, as to the accuracy of the information.

OREGON TENANT LOBBYIST AND ORGANIZER RESIGNS

On January 4th the lobbyist for Oregon Manufactured Homeowners United, Peter Ferris, emailed his resignation to members of OMHU. Ferris had been involved in legislative activities for several years, introducing or attempting to introduce legislation aimed at manufactured home community managers, owners and operators, targeting a variety of issues including rent control and park closures.

INTEREST RATES ARE LOW AND FINANCING IS AVAILABLE

Commercial lenders, including Sterling Savings Bank, GE Capital, Northwestern Mutual Life, Wells Fargo and Union Bank are very active in manufactured home community lending. The latest interest rates are hovering between 4 – 5 percent for a 7-10 year fixed rate, fully amortized loan, depending on the quality of the asset and the strength of the buyer. Ratios remain consistent at 65 – 75 percent loan-to-value, with the quality of the asset and the strength of the buyer key components in what a lender is willing to offer a buyer. Lenders are active in both purchases financing and refinancing.

WHAT TO DO NEXT IF YOU KNOW YOU HAVE WATER LEAKS. PART II – By Earl King of Subsurface Specialists

So the community is unable to account for all the water it purchases. Was that determination made because you are buying more than you are selling? If so, are you accounting for all common area usage such as the clubhouse, pool, office, maintenance, common area irrigation, signage and entrance irrigation, laundry, water treatment plant, sanitary back flushing, sanitary system maintenance? All these areas should be metered even if the residents are not. Not only should they be metered they should be read, monitored and logged monthly to limit, identify and quantify any leakage as it occurs so that leak run times can be diminished.

Here's a simple rule of thumb. Take the population of the community multiplied by 55 GPD/PP (gallons per day, per person) and it should give you how much water you should be buying daily for the community. The total daily x 30 days (typical billing cycle) should give you what you should be buying per month. How many gallons did you buy last month?

Subsurface Specialists, Inc. (954) 575-3133 / subsurfaceinc@yahoo.com
Earl King, President (Free consultation and advice to owners of manufactured home communities).

this information has been secured from sources we believe to be reliable, but we make no representation or warranties, expressed or implied, as to the accuracy of the information.



PHONE: 206.652.4100
TOLL FREE: 888.205.8281
FAX: 206.652.4540

WWW.NWPARKS.COM

COMMERCIAL REAL ESTATE BROKERS
The Manufactured Housing Community Network

NATIONAL AND STATE DATA

The Manufactured Housing Institute recently released its most current data, which covers **January through November**. Increases were across the board with both single-section and multi-section home shipments up compared with the same period last year.

Compared with 2010, manufactured home shipments for November 2011 were 5,301 new homes, up 53.1 percent from November 2010. Single sections accounted for the bulk of the increase, with shipments up 114.6 percent over the figures for last November. According to MHI the increase was due in part to the purchase of 1,735 homes (mainly new single section) by FEMA in the last quarter of 2011. This year the industry experienced declines in each of the first seven months. August marked the first year-over-year monthly gain with the upward trend continuing in the subsequent months. Industry shipments for the year-to-date stand at 47,768 homes compared with 47,265 homes in the previous year, a net increase of 1.1 percent.

The SAAR (Seasonally Adjusted Annual Rate) was 68,389 in November, up 18.9 percent from the rate of 57,523 for the same period in 2010. The SAAR corrects for normal seasonal variations in shipments and projects annual shipments based on the current monthly total. Total floors shipped in November 2011 were 7,485, up 35.7 percent from the same month in 2010.

The top ten states for manufactured home shipments in November, in order, Texas, Maryland, Louisiana, Alabama, North Carolina, Florida, Kentucky, North Dakota, Pennsylvania, and Tennessee.

Shipments are defined as homes built and shipped by a factory to a retailer, reflecting demand for homes by retailers and ultimately consumers. Production numbers reflect the amount of new manufactured homes built in a particular state by the factories in that state. They may be shipped to retailers or customers in their state or be shipped to other states.

RANKINGS YEAR-TO-DATE: California rates 13th in manufactured home shipments, Washington 28th, Oregon 29th, Montana 31st and Idaho 36th. The number of plants reporting production in October was 125 (up by 2) and the number of corporations reporting was 45, unchanged from the previous month.

Manufactured homes represent 14.1 percent of all new single family homes starts in the first eleven months of 2011.

MHI NOTE: "Shipment and production numbers were impacted by the purchase of 1,735 manufactured homes by the Federal Emergency Management Agency (FEMA). The FEMA homes were built and shipped in October, November and December of 2011. States that serve as staging areas for warehousing homes or that received new homes in response to natural disasters, have the FEMA homes included in their annual shipment figures. In particular, in November and significant number of FEMA homes were shipped to Maryland, Alabama and North Dakota." [FEMA NORTH DAKOTA](#)

this information has been secured from sources we believe to be reliable, but we make no representation or warranties, expressed or implied, as to the accuracy of the information.

7683 SE 27TH ST SUITE 315
MERCER ISLAND WA 98040

205 SE SPOKANE ST SUITE 348
PORTLAND OR 97202

MEETING SCHEDULE

February 26-28, 2012

MHI Legislative Conference & Winter Meeting

MHI Legislative Conference and Winter Meeting, Sheraton Chrystal City Hotel & Conference Center, Arlington VA / Washington D.C. This annual legislative conference brings together all segments of the factory-built housing industry including manufacturers, suppliers, lenders, land-lease community owners and managers, and retailers. This valuable conference directs the industry's advocacy efforts and legislative strategy to the U.S. Congress and Administration and offers sessions with key members of Congress and their staff, Administration officials, and Washington opinion makers. The Legislative Conference prepares MHI members to engage effectively in the legislative, regulatory, and political processes on behalf of our industry. What happens in Washington, DC can and will shape our industry, and your business.

April 10-12, 2012

National Congress & Expo for Manufactured and Modular Housing

In this ever changing economy, rethinking housing and your business is critical for survival. Plan to attend the 2012 Congress & Expo to be held April 10-12, 2012 at Caesars Palace in Las Vegas to obtain the knowledge and resources necessary to excel in today's housing marketplace. What will the next decade bring for housing in America? How will the U.S. housing market be affected by demographic trends? What housing choices will seniors make going forward? How can factory built housing gain market share? Attend the only national show for the manufactured and modular housing industries where they will tackle these important questions and more.

May 14-16, 2012

Manufactured Housing Communities of Washington Annual Convention

Join MHCW for an informative and educational annual convention, packed with speakers and workshops designed to enhance the skills of manufactured home community owners and operators. The tentative schedule is: Monday the 14th, committee and board meetings. Tuesday the 15th, annual convention and training seminars. Wednesday the 16th annual convention, training seminars, vendor booths, silent auction, awards banquet and prizes. To be held at the Doubletree Hotel Suites at Southcenter, Seattle, WA. Contact Teresa Hermanson, Office Administrator at MHCW 360-753-8730 or visit the website: www.mhcnw.org

this information has been secured from sources we believe to be reliable, but we make no representation or warranties, expressed or implied, as to the accuracy of the information.

JUST LISTED

146 Space- Two Family Communities- Southern Idaho
City Services
Seller Financing
Asking \$4,175,000

76 Space- Four Star Quality Family Park – Clackamas, Oregon
City Services
Asking \$6,000,000

51 Space -Quality Senior Park- Vancouver, Washington
Septic/City Water
Seller Financing Available
Asking \$2,850,000

27 Space – Family Park in Poulsbo, Washington
Located on the Kitsap Peninsula
City Sewer / Well Water
Asking \$1,450,000

17 Space- Newer Senior Park, Tacoma, Washington
City Services
Asking \$849,000

Over \$450,000,000 in park sales. Visit our website at www.nwparks.com

For more information on manufactured home communities for sale or an assessment of your community call Bill Jackson of Northwest Park Brokerage at 206.652.4100 or email Bill at: billj@nwparks.com

this information has been secured from sources we believe to be reliable, but we make no representation or warranties, expressed or implied, as to the accuracy of the information.