



Omaha, NE -  
Des Moines, IA  
MSA

## WESTERN IOWA MHC

3 STARS

75-100 SITES

#11158339 | 02/28/24



**\$1,700,000**

TARGET PRICE

Skip to NDA





# Presented by




**KEN SCHEFLER**  
Director - Upper Midwest

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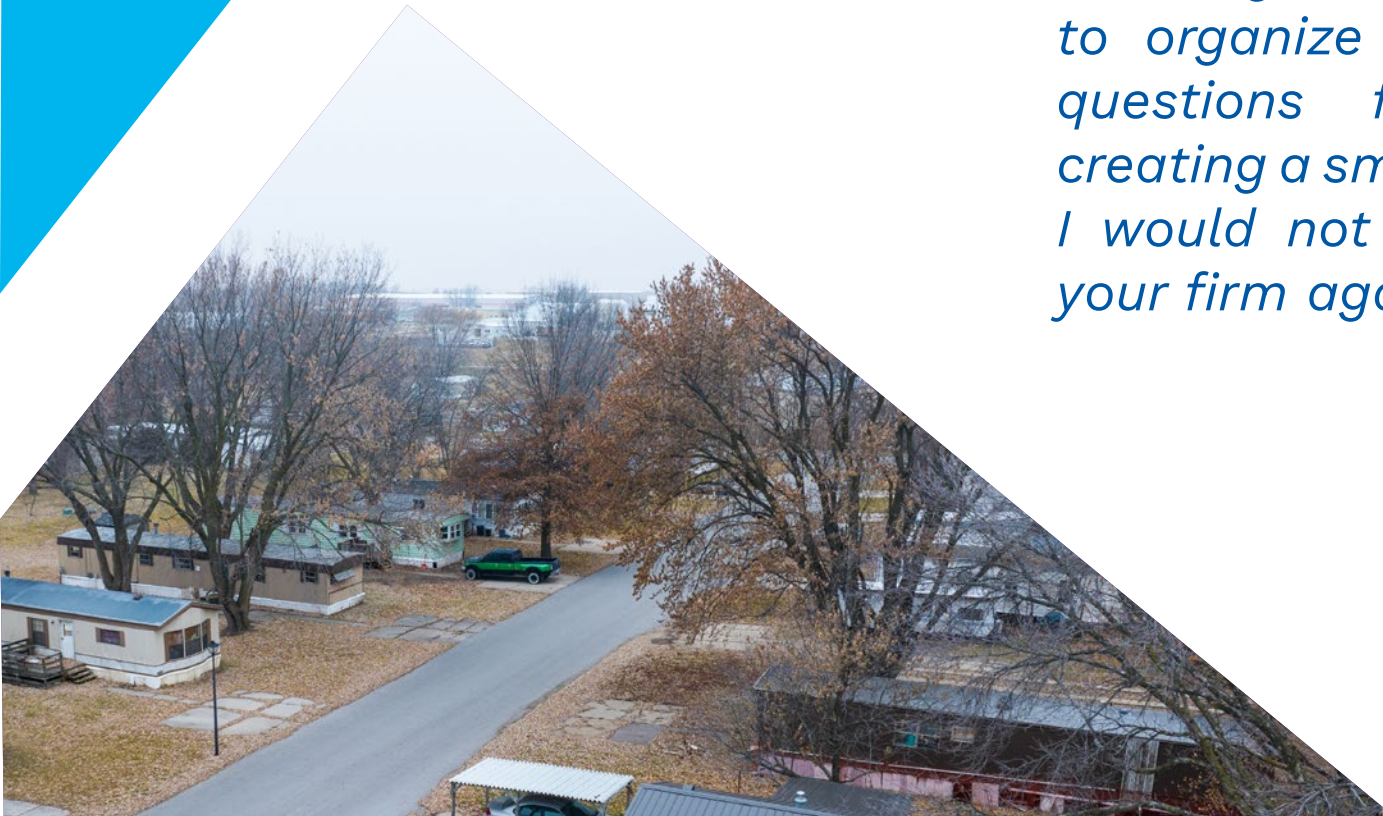




*I want to thank you and your team at Yale advisors for your professionalism and due diligence... you managed to organize and answer all questions for the buyer, creating a smooth transition... I would not hesitate to use your firm again.*

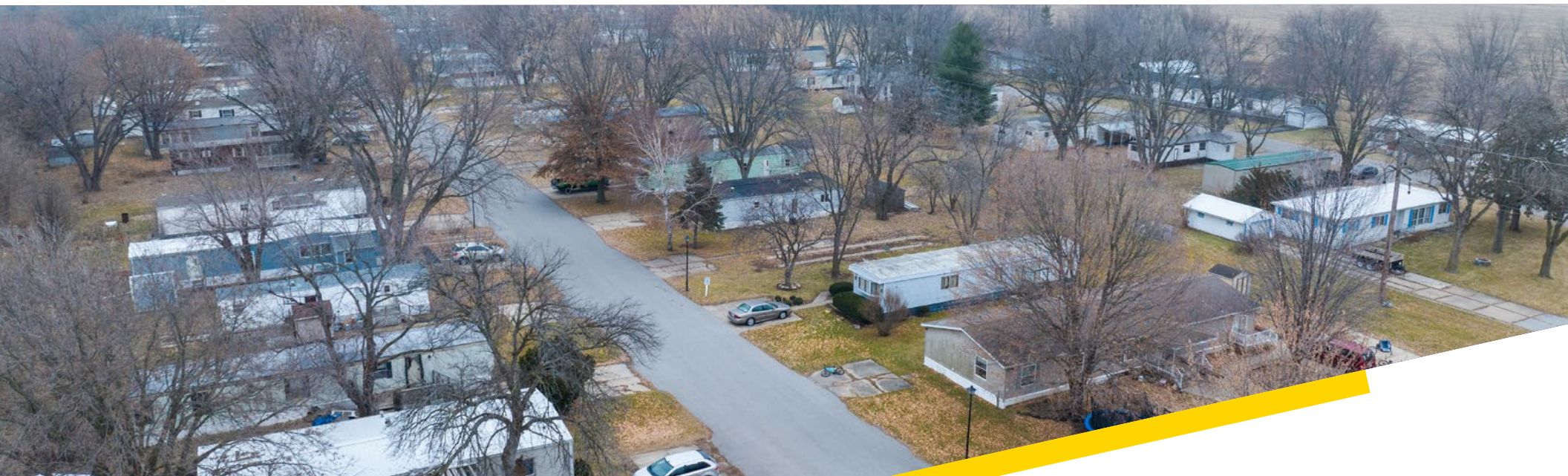
Steven K. - Owner

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# Property Highlights

- Value Add Opportunity – Incredible value add potential with huge 5 year returns, including 19% cash on cash and 22% IRR.
- Strong Infrastructure – Water and Sewer are municipal and direct bill. Roads are recently repaved.
- Centrally Located – Less than 1 hour from Omaha, NE. A little over an hour from Des Moines, IA.
- Easy Bolt On – Strong manager on site who can take on more properties for groups with communities in Eastern IA.





# Property Discussion



## Western Iowa MHC

Yale Realty and Capital Advisors is pleased to present the exclusive opportunity to acquire 75+ site manufactured home community in Eastern IA, with significant returns for the value add investor.

The community has 40% occupancy, allowing for plenty of upside, including investor returns in year five of 19% cash on cash and a 22% IRR. Additionally, the community is on municipal water and sewer with direct billing, minimizing management headaches.

The property is ideally located less than an hour from Omaha, NE and a little over an hour from Des Moines, IA. Both cities are major employment drivers in the Midwest with multiple Fortune 500 company head quarters, with growing populations and limited affordable housing, which are pushing employees to have longer commutes and live in communities like this one.

Given the incredibly opportunity to acquire a 75+ site community with huge value add potential of 20%+ returns, which is close to two major MSAs and has municipal utilities and direct billing, this would make an extremely strong addition to any investor's portfolio.



# Property Overview

## PURCHASE OVERVIEW

 <b>TARGET PRICE</b>	<b>\$1,700,000</b>
Home Inventory Price	\$240,000
<b>Community Price</b>	<b>\$1,460,000</b>
Down Payment	\$785,000
Loan Amount	\$675,000

## PROPERTY DETAILS

Property Type	MHP
Number of Sites	75 - 100 Sites
Purchase Price Per Site	\$14,600 - \$19,450
Income Per Site	\$2,100 - \$2,800
Expenses Per Site	(\$1,250 - \$1,650)
Acreage	25 AC. ±

## UTILITY INFORMATION

Utility Service	Provider	Meter	Paid By
Water	Municipal	None	Tenant paid
Sewer	Municipal	None	Tenant paid
Trash	Curbside	None	Community

## PROPERTY AMENITIES



Pet Friendly



Off-Street Parking



Paved Roads



# Transaction Overview

## UNDERWRITING ASSUMPTIONS

Rental Rate Growth	5% per year from Yr 1-5
Lease Up	6 homes leased up per year from Yr 1-5
Other Income Growth Rate	5% Per Year
Expense Growth Rate	3% Per Year

## PROPOSED FINANCING OVERVIEW

Total Equity Contribution	\$1,100,000
<b>Loan Amount</b>	<b>\$600,000</b>
Loan to Value	41%
Interest Rate	7.50%
Amortization	25 Years
Interest Only Period	2 Years
Loan Term	5 Years
Interest Only Payment	\$3,750
Amortization Payment	\$4,434
Financing Type	Local Bank, Recourse

## FINANCIAL MEASUREMENTS

	YEAR 1	YEAR 3	YEAR 5
<b>Effective Gross Income</b>	<b>210,616</b>	<b>300,479</b>	<b>406,618</b>
Less: Operating Expenses	(123,130)	(158,122)	(191,331)
Operating Expenses Ratio	58.5%	52.6%	47.1%
<b>Net Operating Income</b>	<b>87,486</b>	<b>142,357</b>	<b>215,286</b>
Less: Annual Debt Service	(45,000)	(53,207)	(53,207)
Debt Coverage Ratio	1.94	2.68	4.05
<b>Net Cash Flow</b>	<b>42,486</b>	<b>89,150</b>	<b>162,079</b>
Cap Rate on Cost	5.99%	9.75%	14.75%
Exit Cap Rate Assumption	9.00%	9.00%	9.00%
Economic Occupancy %	47.3%	61.5%	75.6%
Gross Rent Multiplier	3.4	3.4	4.6
<b>Cash on Cash Return</b>	<b>4.9%</b>	<b>10.4%</b>	<b>18.8%</b>
<b>Internal Rate of Return (IRR)</b>	<b>N/A</b>	<b>10.3%</b>	<b>22.9%</b>





# Property Photos

AERIAL STREET VIEW



AERIAL STREET VIEW



STREET VIEW



STREET VIEW



STREET VIEW



STREET VIEW





# Property Photos

STREET VIEW



AERIAL STREET VIEW



AERIAL STREET VIEW



AERIAL STREET VIEW



AERIAL STREET VIEW



AERIAL STREET VIEW



# Pro Forma Growth Assumptions

## Start Date & Hold Period

- **Pro Forma Start Date:** 7/1/2024
- **Projected Hold Period:** 5+ Years

## Rental Revenue Growth

	Year 1	Year 2	Year 3	Year 4	Year 5
Rent Increase Rate Growth	5.0%	5.0%	5.0%	5.0%	5.0%

## Lease Up Rate

	Year 1	Year 2	Year 3	Year 4	Year 5
Leased Sites	6	6	6	6	6

## Turnover & Collections Factor

- Budgeted at 2% of revenue, not including other income

## Global Other Income Growth

- Global other income growth of 5% per year

## Global Expense Growth

- Global expense growth of 3% per year

## Off-Site Management Fees

- Budgeted at 4% of EGI

## Real Estate Taxes

- **Tax Reassessment Value:** By assuming a purchase price allocation of 25% to goodwill, and assigning the property specific tax assessment ratio at 55% of the market value, we estimate the taxable value will increase by ~2x
- **Tax Reassessment Liability:** Based on an increase in taxable value of 2x (100%), we project a potential increase in taxes of ~\$6.5k. This liability is not budgeted to hit the bottom line until year 2 of the hold period.

## Lease Up OPEX

- Budgeted 25% of lease up revenue

## Disposition Assumptions

- **Exit Capitalization Rate:** 9.00%
- **Selling Expenses:** 3.00%

## PROPOSED FINANCING OVERVIEW

Interest Rate	Loan Amount	Amortization	Interest Only Period	Loan Term	Financing Type
7.50%	\$600,000	25 Years	2 Years	5 Years	Local Bank - Recourse



# 5 Year Pro Forma

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
<b>INCOME</b>					
Potential Rental Income	426,885	447,045	468,213	491,397	515,589
Rent Increase Income	9,120	9,576	10,488	10,944	11,400
Lease Up	15,840	49,788	87,120	128,016	172,692
Less: Turnover & Collections Factor	(4,229)	(5,100)	(6,056)	(7,093)	(8,215)
Less: Vacancy	(231,840)	(242,880)	(254,472)	(267,168)	(280,416)
Less: Rental/LTO Premium	(8,535)	(8,535)	(8,535)	(8,535)	(8,535)
Other Income	3,375	3,544	3,721	3,907	4,102
<b>Effective Gross Income</b>	<b>210,616</b>	<b>253,438</b>	<b>300,479</b>	<b>351,468</b>	<b>406,618</b>
<b>EXPENSES</b>					
Advertising	1,500	1,545	1,591	1,639	1,688
Auto Expense	100	103	106	109	113
Electric	2,600	2,678	2,758	2,841	2,926
General & Administrative	2,150	2,215	2,281	2,349	2,420
Insurance	12,600	12,978	13,367	13,768	14,181
Licenses & Permits	100	103	106	109	113
Meals, Travel, & Entertainment	500	515	530	546	563
Off-Site Management Fees	8,425	10,138	12,019	14,059	16,265
Payroll Expense	32,375	33,346	34,347	35,377	36,438
Professional Fees	3,000	3,090	3,183	3,278	3,377
Real Estate Taxes	16,170	16,655	17,155	17,669	18,199
Real Estate Taxes Reassessment		6,634	6,833	7,038	7,249
Repairs & Maintenance	10,500	10,815	11,139	11,474	11,818
Replacement Reserves	4,200	4,326	4,456	4,589	4,727
Trash	15,950	16,429	16,921	17,429	17,952
Water & Sewer	9,000	9,270	9,548	9,835	10,130
Lease Up Operational Expense	3,960	12,447	21,780	32,004	43,173
<b>Total Expenses</b>	<b>123,130</b>	<b>143,286</b>	<b>158,122</b>	<b>174,115</b>	<b>191,331</b>
<b>Net Operating Income</b>	<b>87,486</b>	<b>110,152</b>	<b>142,357</b>	<b>177,353</b>	<b>215,286</b>
<b>Less: Annual Debt Service</b>	<b>(45,000)</b>	<b>(45,000)</b>	<b>(53,207)</b>	<b>(53,207)</b>	<b>(53,207)</b>
<b>Net Cash Flow</b>	<b>42,486</b>	<b>65,152</b>	<b>89,150</b>	<b>124,146</b>	<b>162,079</b>





# Cash Flow Analysis

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
<b>RENTAL CASH FLOW SUMMARY</b>					
Effective Rental Income	207,241	249,894	296,758	347,561	402,515
Other Income	3,375	3,544	3,721	3,907	4,102
<b>Effective Gross Income</b>	<b>210,616</b>	<b>253,438</b>	<b>300,479</b>	<b>351,468</b>	<b>406,618</b>
Less: Operating Expenses	(123,130)	(143,286)	(158,122)	(174,115)	(191,331)
Operating Expense Ratio	58.5%	56.5%	52.6%	49.5%	47.1%
<b>Net Operating Income</b>	<b>87,486</b>	<b>110,152</b>	<b>142,357</b>	<b>177,353</b>	<b>215,286</b>
Less: Annual Debt Service	(45,000)	(45,000)	(53,207)	(53,207)	(53,207)
<b>Net Cash Flow</b>	<b>42,486</b>	<b>65,152</b>	<b>89,150</b>	<b>124,146</b>	<b>162,079</b>
<b>PROPERTY RESALE ANALYSIS</b>					
Projected Sales Price	972,066	1,223,911	1,581,746	1,970,590	2,392,071
Less: Selling Expenses	(29,162)	(36,717)	(47,452)	(59,118)	(71,762)
Less: Loan Balance	(600,000)	(600,000)	(591,505)	(582,350)	(572,484)
<b>Net Sale Proceeds</b>	<b>342,904</b>	<b>587,194</b>	<b>942,789</b>	<b>1,329,123</b>	<b>1,747,825</b>
<b>CASH SUMMARY</b>					
Net Cash Flow	42,486	65,152	89,150	124,146	162,079
Previous Years Net Cash Flow		42,486	107,638	196,788	320,933
Net Sale Proceeds	342,904	587,194	942,789	1,329,123	1,747,825
Down Payment	(860,000)	(860,000)	(860,000)	(860,000)	(860,000)
<b>Total Cash Generated</b>	<b>(474,610)</b>	<b>(165,168)</b>	<b>279,576</b>	<b>790,056</b>	<b>1,370,837</b>
<b>FINANCIAL MEASUREMENTS</b>					
Cap. Rate on Cost*	6.0%	7.5%	9.8%	12.1%	14.7%
Exit Cap. Rate Assumption	9.0%	9.0%	9.0%	9.0%	9.0%
Mortgage Constant	7.5%	7.5%	8.9%	8.9%	8.9%
Debt Coverage Ratio	1.94	2.45	2.68	3.33	4.05
Loan to Value Ratio*	62%	49%	37%	30%	24%
Gross Rent Multiplier	3.4	2.7	3.4	4.0	4.6
<b>Cash on Cash Return*</b>	<b>4.9%</b>	<b>7.6%</b>	<b>10.4%</b>	<b>14.4%</b>	<b>18.8%</b>
<b>Internal Rate of Return (IRR)*</b>	<b>N/A</b>	<b>N/A</b>	<b>10.3%</b>	<b>19.0%</b>	<b>22.9%</b>

\*Return calculation is based only on the Community Price





Thank you for  
your   
consideration



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Regarding Property: Offering #11158339 - 75-100 Site MHC in Omaha, NE - Des Moines, IA Region

Our policy requires that we obtain this Non-Disclosure Agreement (the "Agreement") before disclosing certain information about certain real estate that may be available for sale or investment. This information must be kept confidential. In consideration of Yale Realty Advisors ("Yale") and Ken Schefler (or any party designated by Ken Schefler) (the "Broker") providing the information on such real estate which may be available for purchase or for sale (the "Potential Transaction"), I understand and agree:

1. (a) That any confidential or proprietary information (the "Confidential Information") of the potential selling party (the "Seller") provided is sensitive and confidential, and that its disclosure to others may be damaging to the Seller. I agree that upon the earlier of: (i) two (2) years from the date of this Agreement and (ii) the request of Broker, Yale or Seller, any Confidential Information furnished to me shall be either returned or destroyed, and I shall certify to such destruction.

(b) Not to disclose, for a period of two (2) years from the date I sign this Agreement, any Confidential Information regarding the Potential Transaction to any other person who has not also signed this Agreement or a joinder thereto, except to the extent necessary to secure the advice and recommendations of my employees, officers, directors, members, managers, advisors, attorneys, accounts or financing sources (collectively, the "Representatives") regarding the Potential Transaction. "Confidential Information," as used in this Agreement, shall include the fact that the Potential Transaction is for sale or open to offers, and any other data provided. My Representatives shall abide by the terms of this Agreement, and I agree to be liable for any breach of the provisions of this Agreement by any of my Representatives.

(c) Not to contact the Seller or its Representatives, suppliers or customers except through the Broker. I shall present all correspondence, inquiries, offers to purchase and negotiations relating to the Potential Transaction directly to the Broker, and all such negotiations shall be conducted exclusively through the Broker. At such a time as a LOI or PSA is reached regarding the Potential Transaction, I agree to copy the Broker on all communication and negotiations related to the Potential Transaction.

2. That all information regarding the Potential Transaction is provided by the Seller or other sources and is not verified by the Broker or Yale. The Broker and Yale have done their best to ensure the accuracy of said information, but the Broker and Yale make no, representation or warranty, express or implied, as to the accuracy of such information. I agree that the Broker and Yale are not responsible for the accuracy of any other information I receive, and I agree to indemnify and hold the Broker, Yale, and each of their Representatives harmless from any claims or damages which may occur by reason of the inaccuracy or incompleteness of any information provided to me with respect to any Potential Transaction.

I acknowledge that I have received an exact copy of this Agreement and that I have read this Agreement carefully and fully understand it.

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Signature

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Date

---

Printed Name

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Email

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Company

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Phone

Sign, date, and send back to Broker: KEN SCHEFLER | FAX 941-827-7977 | Ken@yaleadvisors.com | TEL. 323-393-0116

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