



Eastern
South Dakota

EASTERN SOUTH DAKOTA MHP

3 STARS

| 125± SITES

| #11418924 | 03/18/24



\$3,190,000

TARGET PRICE

Skip to NDA





Presented by




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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



Property Highlights

- Institutional Scale – There are 125± sites in the community, allowing for a path to agency debt
- Market Growth – Harris Machine Company, a machining and welding company supplying parts to Terex, John Deere, and Caterpillar, just opened a new factory in 2024 less than 1 mile from the community
- Value Add Opportunity – Light value add opportunity includes increasing rents (currently \$50 below market) and billing back for water, sewer, and trash. Heavier value add opportunities include selling 9 vacant homes and infilling 19 vacant sites
- Strong Infrastructure – Municipal water and sewer.



Property Discussion



Eastern South Dakota MHP

Yale Realty and Capital Advisors is pleased to present the exclusive opportunity to acquire a 125± site manufactured home community in Eastern South Dakota, with upside and strong year one cash on cash.

The community is around 75% occupied with more than half of sites filled with tenant owned homes. Value add upside includes below market rents (about \$50) and billing back for water, sewer, or trash. Heavier value add includes filling 19 vacant sites and selling 9 vacant homes. The community has municipal water and sewer, avoiding any private utility headaches.

The property is ideally located within a strong South Dakota MSA. The Harris Machine Company, a machining and welding company supplying parts to Terex, John Deere, and Caterpillar, just opened a new factory in 2024 less than 1 mile from the community, increasing the need for affordable housing specifically in the area around the community.

Given the incredibly opportunity to acquire a light value add 115+ site community with upside and municipal utilities less than a mile from a new factory opening with strong returns in year one, this would make an extremely strong addition to any investor's portfolio.



Property Overview

PURCHASE OVERVIEW

Total Investment **\$3,250,000**

Projected CAPEX Investment \$60,000

 **TARGET PRICE** **\$3,190,000**

Home Inventory Price \$440,000

Community Price **\$2,750,000**

Down Payment \$1,450,000

Loan Amount \$1,300,000

PROPERTY DETAILS

Property Type MHP

Number of Sites 125± Sites

Purchase Price Per Site \$18,350 - \$27,500

Income Per Site \$2,750 - \$4,150

Expenses Per Site (\$1,350 - \$2,050)

Acreage 15± AC.

UTILITY INFORMATION

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

PROPERTY AMENITIES



Pet Friendly



Off-Street Parking



Paved Roads



Transaction Overview

UNDERWRITING ASSUMPTIONS

Rental Rate Growth	\$50 per year in Yr 1 & 2; 5% per year from Yr 3-5
Lease Up	9 homes leased up in Yr 1 & 6 homes leased up per year from Yr 2-4
Other Income Growth Rate	5% Per Year
Expense Growth Rate	3% Per Year

PROPOSED FINANCING OVERVIEW

Total Equity Contribution	\$1,950,000
Loan Amount	\$1,300,000
Loan to Value	47%
Interest Rate	7.50%
Amortization	25 Years
Interest Only Period	2 Years
Loan Term	5 Years
Interest Only Payment	\$8,125
Amortization Payment	\$9,607
Financing Type	Local Bank

FINANCIAL MEASUREMENTS

	YEAR 1	YEAR 3	YEAR 5
Effective Gross Income	415,990	596,495	709,074
Less: Operating Expenses	(204,063)	(255,714)	(285,524)
Operating Expenses Ratio	49.1%	42.9%	40.3%
Net Operating Income	211,927	340,780	423,550
Less: Annual Debt Service	(97,500)	(115,283)	(115,283)
Debt Coverage Ratio	2.17	2.96	3.67
Net Cash Flow	114,427	225,498	308,267
Cap. Rate on Cost*	7.54%	12.13%	15.07%
Exit Cap. Rate Assumption	9.00%	9.00%	9.00%
Economic Occupancy %	80.0%	91.5%	99.1%
Gross Rent Multiplier	5.2	5.7	6.5
Cash on Cash Return*	7.6%	14.9%	20.4%
Internal Rate of Return (IRR)*	N/A	26.8%	27.6%

*Return calculation is based on the Community Value and the Projected CAPEX Investment



Property Photos

AERIAL VIEW



STREET VIEW



STREET VIEW



STREET VIEW



STREET VIEW



STREET VIEW



Property Photos

STREET VIEW



STREET VIEW



STREET VIEW



STREET VIEW



STREET VIEW



MAILBOX CENTER



Pro Forma Growth Assumptions

Start Date & Hold Period

- **Pro Forma Start Date:** 8/1/2024
- **Projected Hold Period:** 5+ Years

Rental Revenue Growth

	Year 1	Year 2	Year 3	Year 4	Year 5
Rent Increase Growth	\$50	\$50	5.0%	5.0%	5.0%

Lease Up

	Year 1	Year 2	Year 3	Year 4	Year 5
Lease Up Rate	9	6	6	6	-

Global Other Income Growth

- Global other income growth of 5% per year

Global Expense Growth

- Global expense growth of 3% per year

Pro Forma Utility Passthrough Income Growth

- Budgeted water and sewer to be passed on to tenants beginning in year 2. The projected CAPEX budget of \$60k is to install meters in Year 1.

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 85% 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 ~\$18k. This liability is not budgeted to hit the bottom line until year 2 of the hold period.

Lease Up OPEX

- Budgeted 20% 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%	\$1,300,000	25 Years	2 Years	5 Years	Local Bank - Recourse



5 Year Pro Forma

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
INCOME					
Potential Rental Income	526,125	596,925	667,725	697,461	728,613
Rent Increase Income	54,000	54,000	22,680	23,760	24,840
Lease Up	19,710	59,760	94,176	131,904	155,844
Pro Forma Utility Passthrough Income		28,016	28,856	29,722	30,614
Less: Vacancy	(105,840)	(122,640)	(139,440)	(146,496)	(153,888)
Less: Rental/LTO Premium	(82,905)	(82,905)	(82,905)	(82,905)	(82,905)
Other Income	4,900	5,145	5,402	5,672	5,956
Effective Gross Income	415,990	538,301	596,495	659,119	709,074
EXPENSES					
Advertising	1,500	1,545	1,591	1,639	1,688
Electric	1,700	1,751	1,804	1,858	1,913
General & Administrative	4,400	4,532	4,668	4,808	4,952
Insurance	14,750	15,193	15,648	16,118	16,601
Licenses & Permits	550	567	583	601	619
Meals, Travel, & Entertainment	500	515	530	546	563
Off-Site Management Fees	16,640	21,532	23,860	26,365	28,363
Payroll Expense	37,000	38,110	39,253	40,431	41,644
Professional Fees	3,000	3,090	3,183	3,278	3,377
Real Estate Taxes	26,032	26,813	27,617	28,446	29,299
Real Estate Taxes Reassessment		17,829	18,363	18,914	19,482
Repairs & Maintenance	20,750	21,373	22,014	22,674	23,354
Replacement Reserves	5,900	6,077	6,259	6,447	6,641
Trash	26,500	27,295	28,114	28,957	29,826
Utilities	8,900	9,167	9,442	9,725	10,017
Water & Sewer	32,000	32,960	33,949	34,967	36,016
Lease Up Operational Expense	3,942	11,952	18,835	26,381	31,169
Total Expenses	204,063	240,299	255,714	272,155	285,524
Net Operating Income	211,927	298,002	340,780	386,963	423,550
Less: Annual Debt Service	(97,500)	(97,500)	(115,283)	(115,283)	(115,283)
Net Cash Flow	114,427	200,502	225,498	271,680	308,267



Cash Flow Analysis

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
RENTAL CASH FLOW SUMMARY					
Effective Rental Income	411,090	533,156	591,092	653,446	703,118
Other Income	4,900	5,145	5,402	5,672	5,956
Effective Gross Income	415,990	538,301	596,495	659,119	709,074
Less: Operating Expenses	(204,063)	(240,299)	(255,714)	(272,155)	(285,524)
Operating Expense Ratio	49.1%	44.6%	42.9%	41.3%	40.3%
Net Operating Income	211,927	298,002	340,780	386,963	423,550
Less: Annual Debt Service	(97,500)	(97,500)	(115,283)	(115,283)	(115,283)
Net Cash Flow	114,427	200,502	225,498	271,680	308,267
PROPERTY RESALE ANALYSIS					
Projected Sales Price	2,354,740	3,311,134	3,786,449	4,299,590	4,706,109
Less: Selling Expenses	(70,642)	(99,334)	(113,593)	(128,988)	(141,183)
Less: Loan Balance	(1,300,000)	(1,300,000)	(1,281,593)	(1,261,757)	(1,240,382)
Net Sale Proceeds	984,097	1,911,800	2,391,262	2,908,845	3,324,544
CASH SUMMARY					
Net Cash Flow	114,427	200,502	225,498	271,680	308,267
Previous Years Net Cash Flow		54,427	254,929	480,426	752,107
Net Sale Proceeds	984,097	1,911,800	2,391,262	2,908,845	3,324,544
Projected CAPEX Investment	(60,000)				
Down Payment	(1,450,000)	(1,450,000)	(1,450,000)	(1,450,000)	(1,450,000)
Total Cash Generated	(411,476)	716,729	1,421,689	2,210,951	2,934,918
FINANCIAL MEASUREMENTS					
Cap. Rate on Cost*	7.5%	10.6%	12.1%	13.8%	15.1%
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	2.17	3.06	2.96	3.36	3.67
Loan to Value Ratio**	55%	39%	34%	29%	26%
Gross Rent Multiplier	5.2	5.5	5.7	6.2	6.5
Cash on Cash Return*	7.6%	13.3%	14.9%	18.0%	20.4%
Internal Rate of Return (IRR)*	N/A	22.6%	26.8%	28.2%	27.6%

*Return calculation is based on the Community Value and the Projected CAPEX Investment

**Calculation based only on Community Value





Thank you for
your  consideration



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TOTAL
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Non Disclosure Agreement

Regarding Property: Offering #11418924 - 125± Site MHC in Eastern SD

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.

Signature

Date

Printed Name

Email

Company

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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