



Carlsbad-
Artesia,
NM MSA

MOBILE HOME PARK


3 STARS | 30-40 SITES | #04317253 | 06/11/24



\$1,700,000

TARGET PRICE

Skip to NDA 



I have used Yale Capital and Chris San Jose for 12 CMBS loans, bank derivative fixed rate loans, and Freddie Mac and Fannie Mae loans. Chris and his team have done a fantastic job in securing the amounts and rates I was looking for. I will continue to use Chris in all my future financing needs.

Paul G. - Owner



Thank you for your consideration



DAN COOK
Director - Pacific Southwest

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Critical Deadlines

JULY 18TH, 2024



Offers Due

LOI's and supplemental information will be due at 5pm on the due date. Supplemental information is required and includes standard due diligence list and/or company/buyer bio.

JULY 22ND - 25TH, 2024



Best and Final Offers Period

Seller will take this time to review all LOI's and supplemental information. Selected buyers will be contacted and, if they choose, given an opportunity to make their offer more attractive.



Projected Timelines

BEGINNING OF AUGUST 2024



Targeted PSA Deadline

The above time period reflects the seller's ideal time period for the PSA to be drafted and executed.

BEGINNING OF SEPTEMBER 2024



Completion of Due Diligence

Seller has indicated the preferred time period for due diligence to be **30-45** days from the execution of the PSA.

BEGINNING OF OCTOBER 2024



Closing Period

Seller has indicated the preferred time period for financing and closing to be **30** days from the due diligence deadline.



Property Discussion



Mobile Home Park

Subject Property represents a rare opportunity to acquire a 3-star manufactured housing park that offers significant potential for rapid lease-up and long-term stability. Within a steadily expanding market, Carlsbad, NM is experiencing the fastest growth rate in New Mexico at 15.8% in 2023. Driven by economic drivers including oil and gas, potash mining, and nuclear storage, alongside a thriving tourism industry, Subject Property is an ideal investment. A 30-40 site + 1 SFR Park spanning 5 +/- acres positioned perfectly to benefit from increasing demand for affordable housing, quick tenant acquisitions, and long-term rental income growth.

The owner has exclusively engaged Yale Advisors to solicit offers for Subject Property in Carlsbad, NM. The park's current vacancy rate is 26.5%, presenting a substantial upside for leasing up the sites. The vacant single-family residence (SFR), is available immediately. Despite being a multi-park owner since the mid-1990s, the California-based owner has operated the park as a remote, passive investment, underscoring its ease of management and underestimated full value.

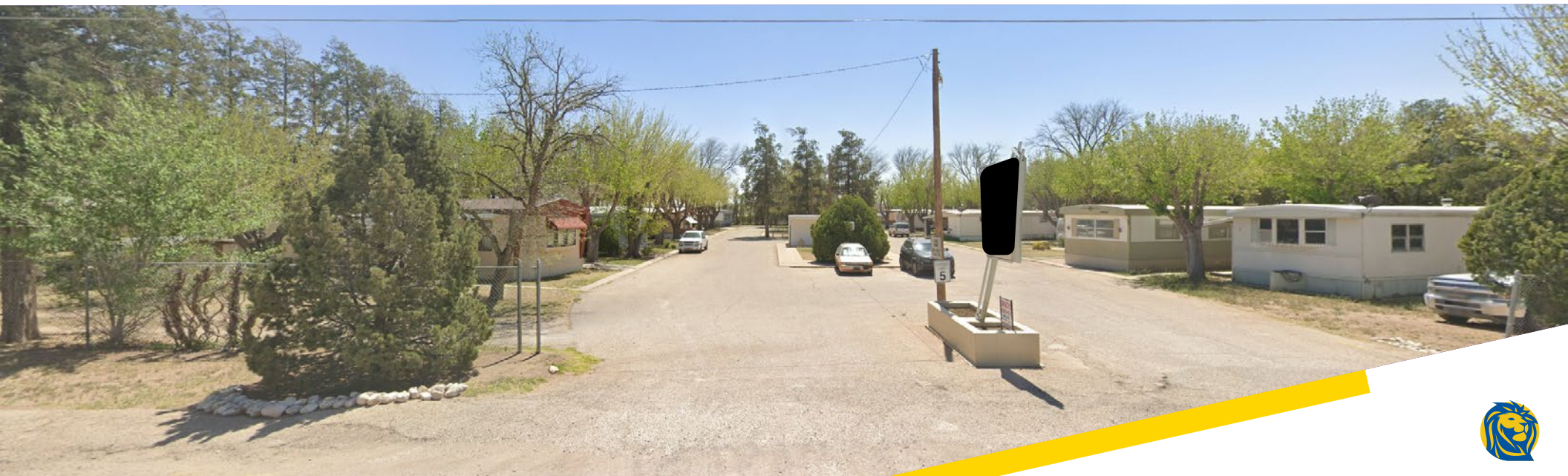
The property's expenses have been normalized to exclude owner-related expenditures, focusing only on standard park operations. It's serviced with electricity by Excel Energy, septic system, and municipal water. The average home sales price in Carlsbad, NM is \$310K, up 20% since last year. Two-bedroom apartments rent for \$1,500 per month, showing the favorable economic conditions and ongoing growth in the area. The current seller also owns two other mobile home parks in Southern California, presenting an opportunity to acquire a larger portfolio of well-performing assets.

All inquiries should be directed to Yale Advisors.



Property Highlights

- Significant upside with lease-up potential and long-term stability
- Outsized effective gross income projected to rise from \$199K to \$316K in 5 years
- Advantageously located to meet New Mexico's rising need for affordable housing
- Internal Rate of Return (IRR) is projected to achieve 27.1% by Year 5
- Single-family residence available immediately for on-site management or rental



Property Features

PURCHASE OVERVIEW

| | |
|---|--------------------|
|  TARGET PRICE | \$1,700,000 |
| Home Inventory Price | \$150,000 |
| Community Price | \$1,550,000 |
| Down Payment | \$740,000 |
| Loan Amount | \$810,000 |

PROPERTY DETAILS

| | |
|-------------------------|---------------------|
| Property Type | MHP |
| Number of Sites | 30 - 40 Sites |
| Purchase Price Per Site | \$38,750 - \$51,650 |
| Income Per Site | \$4,950 - \$6,600 |
| Expenses Per Site | (\$1,750 - \$2,350) |
| Acreage | 5 +/- Acres |
| Flood Zone | None |

UTILITY INFORMATION

| Utility Service | Provider | Meter | Paid By |
|-----------------|--------------|---------------|-----------|
| Water | Municipal | None | Community |
| Sewer | Septic | None | Community |
| Trash | Dumpster | None | Community |
| Electric - MH | Excel Energy | Direct Billed | Tenant |
| Electric - RV | Excel Energy | Submetered | Tenant |

PROPERTY AMENITIES



On-Site Management



Compacted Dirt Roads



Off-Street Parking



Transaction Overview

UNDERWRITING ASSUMPTIONS

| | |
|--------------------------|---|
| Rental Rate Growth | Due to assumed closing in October 2024 and rent increase anniversary January 1st, captured 10 months of 1/1/2025's 5% rent increase. Budgeted 5% increases annually after. Last rent increase was 1/1/24 for \$3. |
| Lease Up | Leased 3 homes/sites annually Y1-Y3 |
| Other Income Growth Rate | 5% Per Year |
| Expense Growth Rate | 3% Per Year |

LOAN OVERVIEW

| | |
|---------------------------|------------------|
| Total Equity Contribution | \$890,000 |
| Loan Amount | \$810,000 |
| Loan to Value | 52% |
| Interest Rate | 7.87% |
| Amortization | 30 Years |
| Interest Only Period | None |
| Loan Term | 10 Years |
| Interest Only Payment | None |
| Amortization Payment | \$5,870 |
| Financing Type | Bank - Recourse |

FINANCIAL MEASUREMENTS

| | YEAR 1 | YEAR 3 | YEAR 5 |
|---------------------------------------|----------------|----------------|----------------|
| Effective Gross Income | 198,657 | 273,743 | 315,724 |
| Less: Operating Expenses | (70,756) | (93,478) | (103,537) |
| Operating Expenses Ratio | 35.6% | 34.1% | 32.8% |
| Net Operating Income | 127,900 | 180,265 | 212,187 |
| Less: Annual Debt Service | (70,443) | (70,443) | (70,443) |
| Debt Coverage Ratio | 1.82 | 2.56 | 3.01 |
| Net Cash Flow | 57,457 | 109,822 | 141,744 |
| Cap. Rate on Cost* | 8.25% | 11.63% | 13.69% |
| Exit Cap. Rate Assumption | 8.50% | 8.50% | 8.50% |
| Economic Occupancy % | 75.1% | 95.1% | 100.0% |
| Gross Income Multiplier | 7.8 | 7.7 | 7.9 |
| Cash on Cash Return* | 7.8% | 14.8% | 19.2% |
| Internal Rate of Return (IRR)* | N/A | 28.7% | 27.1% |

*Return calculation is based only on the Community Price



Property Photos

STREET VIEW



STREET VIEW



STREET VIEW



STREET VIEW



STREET VIEW



STREET VIEW



Pro Forma Growth Assumptions

Start Date & Hold Period

- **Pro Forma Start Date:** 11/1/2024
- **Projected Hold Period:** 5+ Years

Rental Revenue Growth

| | Year 1* | Year 2 | Year 3 | Year 4 | Year 5 |
|-------------------|---------|--------|--------|--------|--------|
| Rent Increase (%) | 4.2% | 5.0% | 5.0% | 5.0% | 5.0% |

*Due to assumed closing in October 2024 and rent increase anniversary January 1st, captured 10 months of 1/1/2025's 5% rent increase.

Lease Up Schedule

| | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
|-------------------|--------|--------|--------|--------|--------|
| Lease Up Schedule | 3.00 | 3.00 | 3.00 | - | - |

Lease Up Operational Expense

- Budgeted at 20% of Lease Up Income. Includes increases in Electric, Gas, Trash, and W&S, net of recapture.

Off-Site Management Fees

- Budgeted at 4% of EGI.

Global Other Income Growth

- Global other income growth of 5% per year.

Global Expense Growth

- Global expense growth of 3% per year.

Real Estate Taxes

- **Tax Reassessment Value:** We estimate the taxable value could potentially increase by 179%+ after sale.
- **Tax Reassessment Liability:** We estimate taxes will increase by ~\$4.7K in year 2 of ownership.

Disposition Assumptions

- **Exit Capitalization Rate:** 8.5%
- **Selling Expenses:** 3.0%

PROPOSED FINANCING OVERVIEW

| Interest Rate | Loan Amount | Amortization | Interest Only Period | Loan Term | Financing Type |
|---------------|-------------|--------------|----------------------|-----------|-----------------|
| 7.87% | \$810,000 | 30 Years | None | 10 Years | Bank - Recourse |



5 Year Pro Forma

| | YEAR 1 | YEAR 2 | YEAR 3 | YEAR 4 | YEAR 5 |
|------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| INCOME | | | | | |
| Potential Rental Income | 243,648 | 253,440 | 265,680 | 278,328 | 291,792 |
| Rent Increase Income | 7,200 | 9,000 | 9,300 | 9,900 | 10,200 |
| Lease Up | 12,612 | 39,456 | 68,550 | 85,824 | 89,496 |
| Less: Vacancy | (73,080) | (75,672) | (78,912) | (82,260) | (85,824) |
| Other Income | 8,277 | 8,690 | 9,125 | 9,581 | 10,060 |
| Effective Gross Income | 198,657 | 234,914 | 273,743 | 301,373 | 315,724 |
| EXPENSES | | | | | |
| Advertising | 1,500 | 1,545 | 1,591 | 1,639 | 1,688 |
| Cable, Phone, Internet | 1,250 | 1,288 | 1,326 | 1,366 | 1,407 |
| Electric | 9,750 | 10,043 | 10,344 | 10,654 | 10,974 |
| General & Administrative | 1,975 | 2,034 | 2,095 | 2,158 | 2,223 |
| Insurance | 3,400 | 3,502 | 3,607 | 3,715 | 3,827 |
| Licenses & Permits | 1,000 | 1,030 | 1,061 | 1,093 | 1,126 |
| Meals, Travel, & Entertainment | 1,000 | 1,030 | 1,061 | 1,093 | 1,126 |
| Natural Gas | 900 | 927 | 955 | 983 | 1,013 |
| Off-Site Management Fees | 7,946 | 9,397 | 10,950 | 12,055 | 12,629 |
| Payroll Expense | 15,000 | 15,450 | 15,914 | 16,391 | 16,883 |
| Professional Fees | 3,000 | 3,090 | 3,183 | 3,278 | 3,377 |
| Real Estate Taxes | 2,628 | 2,707 | 2,788 | 2,872 | 2,958 |
| Real Estate Taxes - Non-Ad Valorem | 85 | 87 | 90 | 92 | 95 |
| Real Estate Taxes Reassessment | | 4,718 | 4,859 | 5,005 | 5,155 |
| Repairs & Maintenance | 8,500 | 8,755 | 9,018 | 9,288 | 9,567 |
| Replacement Reserves | 3,400 | 3,502 | 3,607 | 3,715 | 3,827 |
| Supplies | 1,450 | 1,494 | 1,538 | 1,584 | 1,632 |
| Trash | 2,725 | 2,807 | 2,891 | 2,978 | 3,067 |
| Water & Sewer | 2,725 | 2,807 | 2,891 | 2,978 | 3,067 |
| Lease Up Operational Expense | 2,522 | 7,891 | 13,710 | 17,165 | 17,899 |
| Total Expenses | 70,756 | 84,101 | 93,478 | 100,102 | 103,537 |
| Net Operating Income | 127,900 | 150,813 | 180,265 | 201,271 | 212,187 |
| Less: Annual Debt Service | (70,443) | (70,443) | (70,443) | (70,443) | (70,443) |
| Net Cash Flow | 57,457 | 80,370 | 109,822 | 130,828 | 141,744 |



Cash Flow Analysis

| | YEAR 1 | YEAR 2 | YEAR 3 | YEAR 4 | YEAR 5 |
|---------------------------------------|-----------------|----------------|------------------|------------------|------------------|
| RENTAL ACTIVITY ANALYSIS | | | | | |
| Effective Rental Income | 190,380 | 226,224 | 264,618 | 291,792 | 305,664 |
| Other Income | 8,277 | 8,690 | 9,125 | 9,581 | 10,060 |
| Effective Gross Income | 198,657 | 234,914 | 273,743 | 301,373 | 315,724 |
| Less: Operating Expenses | (70,756) | (84,101) | (93,478) | (100,102) | (103,537) |
| OPERATING EXPENSES RATIO | 35.6% | 35.8% | 34.1% | 33.2% | 32.8% |
| Net Operating Income | 127,900 | 150,813 | 180,265 | 201,271 | 212,187 |
| Less: Annual Debt Service | (70,443) | (70,443) | (70,443) | (70,443) | (70,443) |
| Net Cash Flow | 57,457 | 80,370 | 109,822 | 130,828 | 141,744 |
| PROPERTY RESALE ANALYSIS | | | | | |
| Projected Sales Price | 1,504,710 | 1,774,270 | 2,120,766 | 2,367,892 | 2,496,317 |
| Less: Selling Expenses | (45,141) | (53,228) | (63,623) | (71,037) | (74,889) |
| Less: Loan Balance | (803,057) | (795,548) | (787,425) | (778,640) | (769,138) |
| Net Sale Proceeds | 656,512 | 925,494 | 1,269,717 | 1,518,214 | 1,652,289 |
| CASH SUMMARY | | | | | |
| Net Cash Flow | 57,457 | 80,370 | 109,822 | 130,828 | 141,744 |
| Previous Years Net Cash Flow | | 57,457 | 137,827 | 247,649 | 378,477 |
| Net Sale Proceeds | 656,512 | 925,494 | 1,269,717 | 1,518,214 | 1,652,289 |
| Down Payment | (740,000) | (740,000) | (740,000) | (740,000) | (740,000) |
| Total Cash Generated | (26,031) | 323,321 | 777,367 | 1,156,692 | 1,432,510 |
| FINANCIAL MEASUREMENTS | | | | | |
| Cap. Rate on Cost* | 8.25% | 9.73% | 11.63% | 12.99% | 13.69% |
| Exit Cap. Rate Assumption | 8.50% | 8.50% | 8.50% | 8.50% | 8.50% |
| Loan Constant | 8.7% | 8.7% | 8.7% | 8.7% | 8.7% |
| Debt Coverage Ratio | 1.82 | 2.14 | 2.56 | 2.86 | 3.01 |
| Loan to Value Ratio* | 53% | 45% | 37% | 33% | 31% |
| Gross Income Multiplier | 7.8 | 7.6 | 7.7 | 7.9 | 7.9 |
| Cash on Cash Return* | 7.8% | 10.9% | 14.8% | 17.7% | 19.2% |
| Internal Rate of Return (IRR)* | N/A | 20.5% | 28.7% | 29.0% | 27.1% |

*Return calculation is based only on the Community Price





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\$6.27B+
TOTAL
PRODUCTION

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TOTAL
COMMUNITIES

111,550+
TOTAL
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Regarding Property: Offering #04317253 30-40 Site MHP in Carlsbad-Artesia, NM MSA

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 Dan Cook (or any party designated by Dan Cook) (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

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Phone

Sign, date, and send back to Broker: DAN COOK | FAX 941-827-7977 | Dan@yaleadvisors.com | TEL. 305-773-3211

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