



3738 Main Rd
Fredonia NY 14063

**A 159 Lot Manufactured
Home Community
Investment Opportunity**

~~~~~  
**Lake Erie  
Mobile Home  
Community**

# WELCOME!

**Note to the reader, you will find links throughout the OM pages containing important information, we advise that you click on these links to learn more.**

## WE COOPERATE WITH BROKERS!

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### Guidelines

The offering is being distributed exclusively by Marcus & Millichap REIS to the investment community. Following the initial bids, the owner will select an investor to purchase the property or request from a group of investors to submit a best and final offer, from which one will be selected. The selection will be based on a variety of factors including purchase price, contract terms, financial strength, ability to close, timing and experience in closing similar transactions.

### All offers must be presented in writing and include:

- Price
- Source of capital
- Proof of funds
- Relevant experience
- Proposed schedule of due diligence and closing
- Amount of earnest money
- List of contingencies including committee approvals, possible 1031 exchanges, etc.

All interested investors are encouraged to schedule a property tour to visit the community and the surrounding market with an approved representative to fully appreciate its market position, quality and strong fundamentals

# Property Overview

## Property Location

|                  |                                                    |
|------------------|----------------------------------------------------|
| Property Address | <a href="#">3738 Main Rd<br/>Fredonia NY 14063</a> |
| County           | Chautauqua                                         |
| Metro Area       | Buffalo NY                                         |
| Parcel Number(s) | 114.00-3-6                                         |

## Site Description

|                    |             |
|--------------------|-------------|
| Purchase Price     | \$4,640,000 |
| Total Rental Units | 163         |
| Mobile Home Lots   | 159         |
| Commercial/Retail  | 0           |
| Total Land Area    | 20          |
| Year Built         | N/A         |
| Zoning             | 0           |
| Flood Zone         | No          |
| Opportunity Zone   | No          |

## Mechanical

|              |                        |
|--------------|------------------------|
| Water        | Well                   |
| Sewer        | Treatment Plant        |
| Electrical   | Public - Direct Billed |
| Gas          | Public - Direct Billed |
| Trash        | Tenant                 |
| Cable        | Direct Bill            |
| Landscape    | Landlord               |
| Snow Removal | Landlord               |

## STEP 1

1. Watch short video from listing broker about this opportunity: [CLICK HERE](#)
2. View broker's excel sheet: [CLICK HERE](#)

## STEP 2

Schedule a call with your Agent: [\(720\) MHP-4YOU](#)

## STEP 3

Make an offer (use our template or use your own):

1. Letter of Intent: [Download here](#)
2. State Required Disclosures: [Download here](#)

Send offers to:  
**Your Local M&M Agent**

# Property Description

Well located value-add mobile home community, that is within a half mile of Walmart. Fredonia, NY is located just 45 miles from downtown Buffalo NY. It is in Chautauqua County, which has a population of 130,846 people and a city median home price of \$118,000.

Lake Erie MHC has a total of 159 MH lots and 4 additional units within a single family home, including an office for the park. There is a total of 159 MH spaces with 113 tenants with 68 lot rent only tenants paying an average of \$405, 38 rented POHs paying an avg of \$246, 5 rent to own homes, and 3 vacant POH. There is also a single-family home with 4 units, one of which is used as an office, 2 are rented, 1 is vacant and used for storage. Current occupancy is at 69.33%. The POHs are in above average condition with 20+ homes being 2014-2018 vintage. The overall average POH age is 2003.

Park is connected to public water, however the owner uses a regulated well and the tenants are billed back. The park is on a private waste water treatment plant that is in good standing and is professionally maintained and operated. The park is not in a flood zone.

This deal is being offered as a value-add investment opportunity with a 7.52% normalized cap rate on current lot rent, and nearly an 8% gross cap rate including POH income and expenses. The gross revenue is \$724,148. At full price, using the owner's assumable loan terms of 5% interest, 25 YR AM, 58% down payment the total return is 10% on normalized numbers. A conservative year 3 pro-forma value of \$6,100,000, roughly a 28% increase. We are asking our investors to submit offers at or above \$4,640,000.



## Highlights & Known Issues

### Investment Highlights

- Buffalo NY MSA
- Public Water already connected
- 20 POH newer than 2014
- WWTP is in excellent condition
- Ability to achieve 28% increase in valuation by year 3
- Roads and landscaping in good condition

### Known Issues

- Municipal sewer is not available & is not expected to be
- Park uses private well and a treatment plant
- Loan MUST be assumed

# Rental Units & Investment Summary

Click on the following links for additional property information:

[Feb-20 Rent Roll](#)

[2019 P&L](#)

[List of POH inventory](#)

[Parcel Map](#)

[Other Materials](#)

Offering Price: \$4,640,000  
 Cap Rate (Lot rent Only): 7.53%  
 Cash-on-Cash Return: 8.25%  
 Price Per Lot: \$28,466  
 Pro Forma Value: \$6,100,000

| Unit Breakdown                  |       | Pro Forma |
|---------------------------------|-------|-----------|
| Total Rental Units              | 163   |           |
| Total Tenants                   | 113   | 131       |
| Total Mobile Home Lots          | 159   | 159       |
| Total RV Lots                   | 0     | 0         |
| Tenant Owned Homes              | 68    | 81        |
| Abandoned Homes                 | 0     | 0         |
| Vacant Lots                     | 45    | 32        |
| Rent to Own POHs                | 5     | 5         |
| Rented POHs                     | 38    | 41        |
| Vacant POHs                     | 3     | 0         |
| Average Lot Rent                | \$405 | \$417     |
| Average RTO Payment             | \$260 | \$260     |
| Average POH Rent                | \$246 | \$253     |
| Total Commercial / Retail Units | 0     | 0         |
| Commercial / Retail - Occupied  | 0     | 0         |
| Commercial / Retail - Vacant    | 0     | 0         |
| Avg Commercial / Retail Rent    | \$0   | \$0       |

## Local Mobile Home Park Rents

[CLICK HERE FOR JLT REPORT](#)

| Rent Comps                  | Lot Rent | POH Rent | Utility Info |
|-----------------------------|----------|----------|--------------|
| Lake Erie MHP               | \$405    | \$246    | Well & WWTP  |
| Melody Meadows              | \$400    | \$300    | Public       |
| Triton Valley Estates       | \$508    | \$160    | Public       |
| Triton Valley Estates Derby | \$509    | \$160    | Public       |

## Comments

The average adjusted monthly homesite rent in the "All Ages" communities is \$467, an increase of \$13 (2.9%) from the previous published report. The average adjusted monthly homesite rent in the "55+" communities is \$521, an increase of \$18 (3.6%) from the previous published report. The occupancy rate in the "All Ages" communities is 92%. - JLT 2019



## Capitalized Revenues & Investment Summary

|                                                   | Actuals          | Normalized       | Pro Forma        |
|---------------------------------------------------|------------------|------------------|------------------|
| Total Gross Income                                | \$602,343        | \$736,088        | \$857,436        |
| Lot Revenue                                       | \$538,436        | \$539,460        | \$635,737        |
| RV Revenue                                        | \$0              | \$0              | \$0              |
| Single Family Home & Apartment Revenue            | \$15,081         | \$10,800         | \$22,557         |
| Commercial/Retail Revenue                         | \$0              | \$0              | \$0              |
| Self Storage Revenue                              | \$0              | \$0              | \$0              |
| Other Income                                      | \$63,542         | \$63,542         | \$65,449         |
| Capitalized Income                                | \$617,059        | \$608,300        | \$717,159        |
| Capitalized Expenses                              | \$309,285        | \$324,765        | \$333,313        |
| <b>Net Operating Income (excludes POH income)</b> | <b>\$307,773</b> | <b>\$283,535</b> | <b>\$383,846</b> |

## Park Owned Home Revenues - Not Capitalized

|                                  |           |           |           |
|----------------------------------|-----------|-----------|-----------|
| Total Uncapitalized Gross Income | \$602,343 | \$736,088 | \$857,436 |
| Total POH Revenue                | \$0       | \$127,788 | \$140,276 |
| POH & RTO Expenses               | \$7,327   | \$44,726  | \$49,097  |
| POH / RTO Net Income             | -\$7,327  | \$83,062  | \$91,180  |
| Per POH Value                    | \$20,666  | \$20,666  | \$20,666  |
| Total POH Value                  | \$847,315 | \$847,315 | \$847,315 |

## Investment Metric Table

|                                   |          |          |          |
|-----------------------------------|----------|----------|----------|
| Lot Rent Cap Rate                 | 8.17%    | 7.53%    | 10.20%   |
| Gross Cap Rate (includes POH I&E) | 6.48%    | 7.90%    | 10.24%   |
| Cash On Cash Levered              | 6.14%    | 8.59%    | 12.60%   |
| Total Return                      | 7.57%    | 10.02%   | 14.03%   |
| Price Per Lot                     | \$28,466 | \$28,466 | \$28,466 |
| Price Per Occupied Lot            | \$41,062 | \$41,062 | \$41,062 |

# Property Expenses

|                      | Actuals   | Normalized Actuals | Pro Forma |
|----------------------|-----------|--------------------|-----------|
| <b>Total Revenue</b> | \$602,343 | \$736,088          | \$857,436 |

[Feb-20 Rent Roll](#) [2019 P&L](#) [List of POH inventory](#) [Parcel Map](#) [Other Materials](#)

| Expense Category                                                      | Note On Expense Item                                              |                |                 |                     |                     |                     |
|-----------------------------------------------------------------------|-------------------------------------------------------------------|----------------|-----------------|---------------------|---------------------|---------------------|
|                                                                       |                                                                   | POH Expenses   | CAPEX           | Actuals             | Normalized Actuals  | Pro Forma           |
| Property Taxes                                                        | Overassessed - Special water assessment for 3 more yrs.           | \$0            | \$0             | \$152,575           | \$152,575           | \$152,575           |
| Property Insurance                                                    | Normalized to Industry Averages. 2.2% Pro Forma Increase          | \$0            | \$0             | \$7,253             | \$7,725             | \$7,895             |
| Repairs & Maintenance                                                 | Normalized to Industry Averages. 2.2% Pro Forma Increase          | \$4,262        | \$0             | \$17,668            | \$21,490            | \$21,963            |
| Mowing & Landscaping                                                  | Broker Estimate                                                   | \$0            | \$0             | \$1,168             | \$3,500             | \$3,577             |
| Snow Removal                                                          | Normalized Equals Seller's Disclosure. 2.2% Pro Forma Increase    | \$0            | \$0             | \$2,688             | \$2,688             | \$2,747             |
| Private Water Expenses                                                | Normalized Equals Seller's Disclosure. 5.5% Pro Forma Increase    | \$0            | \$0             | \$11,038            | \$11,038            | \$11,645            |
| Private Sewer Expenses                                                | equals sellers numbers plus \$300 a week for STP operator         | \$0            | \$0             | \$11,038            | \$26,638            | \$28,103            |
| Trash                                                                 | Tenants use 3rd party trash service, park only has 1 dumpster for | \$0            | \$0             | \$1,552             | \$1,552             | \$1,586             |
| Electricity                                                           | Normalized Equals Seller's Disclosure. 4% Pro Forma Increase      | \$3,066        | \$0             | \$9,019             | \$9,019             | \$9,380             |
| Gas                                                                   | Normalized Equals Seller's Disclosure. 4% Pro Forma Increase      | \$0            | \$0             | \$704               | \$704               | \$732               |
| Employee Salaries                                                     | Normalized to Industry Averages. 2.2% Pro Forma Increase          | \$0            | \$0             | \$62,880            | \$53,520            | \$54,697            |
| Payroll Taxes & Expenses                                              | 10% of Total Payroll                                              | \$0            | \$0             | \$1,775             | \$5,352             | \$5,470             |
| 3rd Party Management                                                  | 3.5% of Total Revenue                                             | \$0            | \$0             | \$21,722            | \$21,290            | \$25,101            |
| Office Supplies & Expenses                                            | Normalized Equals Seller's Disclosure. 2.2% Pro Forma Increase    | \$0            | \$0             | \$1,688             | \$1,688             | \$1,726             |
| Legal Fees                                                            | Broker Estimate                                                   | \$0            | \$0             | \$5,533             | \$2,500             | \$2,555             |
| Accounting Fees                                                       | Broker Estimate                                                   | \$0            | \$0             | \$0                 | \$2,500             | \$2,555             |
| Credit Checks & Application Fees                                      | Normalized Equals Seller's Disclosure. 2.2% Pro Forma Increase    | \$0            | \$0             | \$986               | \$986               | \$1,007             |
| <b>Total Expense</b>                                                  |                                                                   | <b>\$7,327</b> | <b>\$16,671</b> | <b>\$309,285</b>    | <b>\$324,765</b>    | <b>\$333,313</b>    |
| Expense Ratio                                                         |                                                                   |                |                 | 50.12%              | 53.39%              | 46.48%              |
| <b>Net Operating Income (Excluding POH Income)</b>                    |                                                                   |                |                 | <b>\$307,773.46</b> | <b>\$283,534.93</b> | <b>\$383,846.28</b> |
| Capitalization Rate (lot rent only)                                   |                                                                   |                |                 | 8.17%               | 7.53%               | 10.20%              |
| <b>Net Operating Income (Including POH Income)</b>                    |                                                                   |                |                 | \$300,446           | \$366,597           | \$475,026           |
| Debt Service Loan 1 (75% LTV, 5% Interest Rate, 25 Year Amortization) |                                                                   |                |                 | \$134,721           | \$134,721           | \$134,721           |
| <b>Cash Flow</b>                                                      |                                                                   |                |                 | <b>\$165,725</b>    | <b>\$231,876</b>    | <b>\$340,305</b>    |
| Debt Service Coverage Ratio                                           |                                                                   |                |                 | 2.23                | 2.72                | 3.53                |
| Cash-On-Cash Return                                                   |                                                                   |                |                 | 6.14%               | 8.59%               | 12.60%              |
| Total Return                                                          |                                                                   |                |                 | 7.57%               | 10.02%              | 14.03%              |

## Local Market Information

The Village of Fredonia lies within the Town of Pomfret in the heart of Lake Erie grape country. With its incorporation in 1829, Fredonia became a destination for a great many early settlers from all over the world. Fredonia's reputation as a farming community was well known in its early years, but with the addition of high quality education and a commitment to the arts, Fredonia became a truly vibrant community.

We welcome visitors to come to our historic Victorian village and shop at our unique downtown shops, see a show at our 1891 Fredonia Opera House, stay at our historic White Inn, or participate in one of our many annual festivals.



### Local Market Statistics

|                        | Fredonia  | Chautauqua | Metro    |
|------------------------|-----------|------------|----------|
| Population             | 10,695    | 130,846    | 130,846  |
| Medium Home Price      | \$118,300 | \$82,600   | \$82,600 |
| Average Apartment Rent | \$700     | \$700      | \$700    |
| Family Median Home     | \$45,714  | \$42,720   | \$42,720 |
| Unemployment Rate      | 5.30%     | 5.30%      | 5.30%    |

# Property Photos

[Click here for additional property photos](#)

Offering Price: \$4,640,000  
Cap Rate (Lot rent Only): 7.53%  
Cash-on-Cash Return 8.59%  
Price Per Lot: \$28,466  
Pro Forma Value \$6,100,000

## Additional Documents

|                       |                            |
|-----------------------|----------------------------|
| Due Diligence Vault   | <a href="#">CLICK HERE</a> |
| Brokers Excel Sheet   | <a href="#">CLICK HERE</a> |
| Brokers Summary Video | <a href="#">CLICK HERE</a> |
| Letter of Intent      | <a href="#">CLICK HERE</a> |



# Brokerage Team



**Brandon Pearson**

TEAM AGENT

Marcus & Millichap, Denver CO  
Phone: (720) 419-4319  
Brandon.Pearson@marcusmillichap.com



**Glenn D. Esterson**

SENIOR BROKER

Marcus & Millichap, Charlotte NC  
Phone: (423) 483-0492  
Glenn.Esterson@marcusmillichap.com



**Parker Kelly**

TEAM AGENT

Marcus & Millichap, Atlanta GA  
Phone: (678) 677-9515  
Parker.Kelly@marcusmillichap.com



**Charles Dehart**

OPERATIONS MANAGER

Marcus & Millichap, Tampa FL  
Phone: (276) 237-4311  
Charles.DeHart@marcusmillichap.com



**Dylan Hellberg**

TEAM AGENT

Marcus & Millichap, Charleston SC  
Phone: (843) 469-0347  
Dylan.Hellberg@marcusmillichap.com



**Sallie Whitehurst**

LICENSED ASSISTANT

Marcus & Millichap, Atlanta GA  
Phone: (770) 262-6707  
Sallie.Whitehurst@marcusmillichap.com



**Vasili Arvanitidis**

TEAM AGENT

Marcus & Millichap, Seattle WA  
Phone: (206) 963-6076  
Vasili.Arvanitidis@marcusmillichap.com



**Glenn D. Esterson**

TEAM LEADER

In the 18 years Glenn has been in commercial real estate, He has successfully transacted more than 235 properties for his clients. In 2018 alone, Glenn sold 36 mobile home communities as a solo broker. In addition to his work as a broker, Glenn has owned and operated mobile home parks, run a number of small businesses, and owned other commercial real estate assets.

Glenn joined Marcus & Millichap in 2019 with the vision of assisting buyers and sellers Nation wide with their manufactured housing transaction needs. His team is quickly gaining a reputation as one of the top brokerage teams in the industry.

Glenn is married to his lovely wife, Cassidy, and has three children. Glenn resides in Wilmington, NC.

**(720) MHP-4YOU**

ESTERSON MANUFACTURED HOUSING TEAM

Glenn.Esterson@marcusmillichap.com

www.esterseonmanufacturedhousingteam.com

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agent for more details.

**John Krueger**

Lic. # 10311205789 - Broker of Record

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