

Marcus & Millichap
ESTERSON MHC TEAM

A 29 Lot Manufactured
Home Community
Investment Opportunity

6 W Bayou Avenue
Satsuma AL 36572



Steel Creek MHC

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	
Propery Address	6 W Bayou Avenue Satsuma AL 36572
County	Mobile
Metro Area	Mobile AL
Parcel Number(s)	R021905224002013 R021905224002005.002 R021905224002005 R021905224002007 R021905224002011 R021905224002011.001
Site Description	
Purchase Price	\$720,000
Total Rental Units	29
Mobile Home Lots	28
Commercial/Retail	0
Total Land Area	3.41
Year Built	1988
Zoning	Paved
Flood Zone	No
Opportunity Zone	No
Mechanical	
Water	Public-Tenants Pay (Submeters)
Sewer	Public-Tenants Pay (Submeters)
Electrical	Public - Direct Billed
Gas	Public - Direct Billed
Trash	Landlord
Cable	Direct Bill
Landscape	Landlord
Snow Removal	N/A

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:
[CLICK HERE](#)
2. State Required Disclosures:
[CLICK HERE](#)

Send offers to:
Your Local M&M Agent

Property Description

This Satsuma, AL mobile home park called Steel Creek MHP consists of 28 total mobile home lots and one cottage home. Satsuma is part of the Mobile, AL metropolitan area.

Out of the 28 mobile home lots, and cottage home, there are 22 total tenants. There are 11 tenant owned homes with an average lot rent of \$261.90. 9 rented park owned homes with an average rent of \$355.56 above the \$261.90 lot rent. 1 rent to own tenant who has 3 years left on his term and is paying \$275 for lot rent, and another \$625 for the RTO payment. There is also 6 vacant pads and 1 vacant park owned home. The current occupancy for the park is 75.86%. This deal still has upside left in it by filling the vacant home and infilling the 6 vacant lots.

Steel Creek is serviced by public water and sewer that is sub-metered and billed back to tenants. There is also a \$20 bill back for trash and mowing. Electric and other utilities are billed directly to tenants.

The park is priced competitively at \$720,000. The pricing represents a cap rate of 8.05% using lot rent income and bill back income (excluding home rent income) on normalized actuals using a 40.9% expense ratio. Using a gross cap rate (including POH income) we are at a 10.2% cap rate. We are asking investors to submit cash offers at or above \$720,000. This park may or may not qualify for conventional bank financing from a local bank, and seller financing may also be an option. Under the assumption that this is eligible for bank financing we have modeled a 75% LTV, with a 5% interest rate and a 25 year am. With this assumption we are seeing a 22.3% cash on cash return in year one and a 28.4% total return.



Highlights & Known Issues

Investment Highlights

- Stabilized park in a good MSA
- Very desirable school district
- Value add through infill of 6 lots
- Paved roads in good condition
- 20% Cash-On-Cash YEAR 1

Known Issues

- New buyer will need to find a manager
- Park could use some landscaping improvements

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](#)

Unit Breakdown		
Total Rental Units	29	Pro Forma
Total Tenants	22	23
Total Mobile Home Lots	28	28
Total RV Lots	0	0
Tenant Owned Homes	11	11
Abandoned Homes	0	0
Vacant Lots	6	6
Rent to Own POHs	1	1
Rented POHs	9	10
Vacant POHs	1	0
Average Lot Rent	\$262	\$272
Average RTO Payment	\$625	\$625
Average POH Rent	\$356	\$367
Total Commercial / Retail Units	0	0



Local Mobile Home Park Rents

Rent Comps	Lot Rent	POH Rent	Utility Info
Steel Creek MHC	\$262	\$356	Public - Bill Back
Sara Oaks MHP	\$285	\$0	Public - Water/Trash Included
Camellia Trace MHP	\$300	\$400	Public - Direct Bill
Sea Pines MHP	\$336	\$0	Public - Sewer Incl. Water Direct
Pala Verde MHP	\$260	\$0	Public - Includes Trash & Water
Thompson MHP	\$370	\$0	Public - Water/Sewer Included

Comments

In Mobile metro, we are seeing a range of lot rents from \$250-\$370 depending on the location and quality of the park. Overall market occupancy is believed to be north of 85% suggesting that there should be enough demand for parks with lower rents to meet market rents in the \$315-\$325 range.

Capitalized Revenues & Investment Summary

	Actuals	Normalized	Pro Forma
Total Gross Income	\$132,942	\$131,396	\$143,439
Lot Revenue	\$66,000	\$66,000	\$71,770
RV Revenue	\$0	\$0	\$0
Single Family Home & Apartment Revenue	\$6,300	\$6,300	\$6,502
Commercial/Retail Revenue	\$0	\$0	\$0
Self Storage Revenue	\$0	\$0	\$0
Other Income	\$14,637	\$14,637	\$15,195
Capitalized Income	\$86,937	\$85,491	\$91,901
Capitalized Expenses	\$24,105	\$34,979	\$40,936
Net Operating Income (excludes POH income)	\$62,832	\$50,512	\$50,965

Park Owned Home Revenues - Not Capitalized

Total Gross Income	\$132,942	\$131,396	\$143,439
Total POH Revenue	\$45,900	\$45,905	\$51,537
POH & RTO Expenses	\$7,577	\$22,953	\$25,769
POH / RTO Net Income	\$38,323	\$22,953	\$25,769
Per POH Value	\$8,533	\$8,533	\$8,533
Total POH Value	\$85,333	\$85,333	\$85,333

Investment Metric Table

Lot Rent Cap Rate	10.01%	8.05%	8.12%
Gross Cap Rate (includes POH I&E)	14.05%	10.20%	10.66%
Cash On Cash Levered	35.15%	19.77%	21.58%
Total Return	41.34%	25.95%	27.77%
Price Per Lot	\$24,828	\$24,828	\$24,828
Price Per Occupied Lot	\$32,727	\$32,727	\$32,727

Property Expenses

	Actuals	Normalized Actuals	Pro Forma
Total Revenue	\$86,937	\$85,491	\$91,901

Expense Category	Note On Expense Item					
		POH Expenses	CAPEX	Actuals	Normalized Actuals	Pro Forma
Property Taxes	Estimated at 1% of Real Estate Value Allocation	\$305	\$0	\$1,405	\$1,405	\$6,278
Property Insurance	Normalized to Industry Averages. 2.2% Pro Forma Increase	\$714	\$0	\$2,142	\$2,215	\$2,264
Repairs & Maintenance	Normalized to Industry Averages. 2.2% Pro Forma Increase	\$6,558	\$0	\$900	\$6,320	\$6,459
Mowing & Landscaping	Normalized Equals Seller's Disclosure. 2.2% Pro Forma Increase	\$0	\$0	\$2,000	\$2,000	\$2,044
Public Water & Sewer	Normalized Equals Seller's Disclosure. 5.5% Pro Forma Increase	\$0	\$0	\$8,632	\$8,632	\$9,107
Trash	Normalized Equals Seller's Disclosure. 2.2% Pro Forma Increase	\$0	\$0	\$3,156	\$3,156	\$3,225
Electricity	Normalized Equals Seller's Disclosure. 4% Pro Forma Increase	\$0	\$0	\$3,326	\$3,326	\$3,459
Employee Salaries	Broker Adjusted To Market Levels	\$0	\$0	\$2,100	\$5,892	\$6,022
Payroll Taxes & Expenses	Broker Adjusted To Market Levels	\$0	\$0	\$0	\$589	\$602
Office Supplies & Expenses	Broker Adjusted To Market Levels	\$0	\$0	\$0	\$250	\$256
Legal Fees	Broker Adjusted To Market Levels	\$0	\$0	\$0	\$500	\$511
Accounting Fees	Normalized Equals Seller's Disclosure. 2.2% Pro Forma Increase	\$0	\$0	\$444	\$444	\$454
Advertising	Broker Adjusted To Market Levels	\$0	\$0	\$0	\$250	\$256
Total Expense		\$7,577	\$0	\$24,105	\$34,979	\$40,936
Expense Ratio				27.73%	40.92%	44.54%
Net Operating Income (Excluding POH Income)				\$62,832.00	\$50,511.80	\$50,965.32
Capitalization Rate (lot rent only)				10.01%	8.05%	8.12%
Net Operating Income (Including POH Income)				\$101,155	\$73,465	\$76,734
Capitalization Rate (lot rent & park owned home income)				14.05%	10.20%	10.66%
Debt Service Loan 1 (75% LTV, 5% Interest Rate, 25 Year Amortization)				\$37,881	\$37,881	\$37,881
Cash Flow				\$63,274	\$35,583	\$38,853
Debt Service Coverage Ratio				2.67	1.94	2.03
Cash-On-Cash Return				35.15%	19.77%	21.58%
Total Return				41.34%	25.95%	27.77%

Local Market Information

Satsuma, AL is located at the northern tip of the Mobile MSA. Satsuma has by far the best schools in the Mobile area and spends over 3 times the national average for their education system.

Mobile, itself, is a popular and growing metro and has become a major port on the Gulf Coast, with a growing population just under half a million people.



Local Market Statistics			
	Satsuma	Mobile County	Mobile AL MSA
Population	6,145	414,328	414,926
Growth %	1.50%	1.40%	0.50%
Medium Home Price	\$149,100	\$121,200	\$121,200
Average Apartment Rent	\$910	\$848	\$848
Family Median Home	\$58,750	\$43,844	\$43,844
Unemployment Rate	4.70%	4.70%	4.70%

Property Photos

[Click here for additional property photos](#)



Brokerage Team



PARKER KELLY

LISTING AGENT

Parker Kelly started his career in real estate just as he returned home to Atlanta from finishing school at East Carolina University. He has worked as a land acquisitions broker, a new construction home sales agent, and has now joined Marcus & Millichap as an investment sales agent, specializing in manufactured housing & RV parks.

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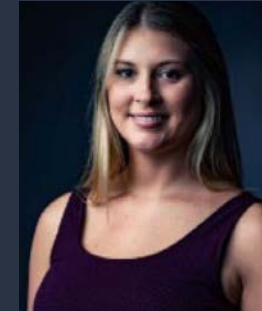
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Eddie Greenhalgh

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