

The Complete Guide to

# **Selling Your Mobile Home Park**

Everything You Need to Know for a Successful Sale

**David Buys Parks**

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# Table of Contents

1. Introduction
2. Is Now the Right Time to Sell?
3. Preparing Your Park for Sale
4. Understanding Park Valuation
5. The Selling Process
6. Working with Buyers
7. Tax Implications
8. Common Mistakes to Avoid
9. Next Steps

## 1. Introduction

Selling a mobile home park is one of the most significant financial decisions you'll make as a property owner. Whether you've owned your park for decades or just a few years, understanding the selling process and maximizing your property's value requires careful planning and expert guidance.

This comprehensive guide will walk you through every aspect of selling your mobile home park, from initial preparation to closing the deal. You'll learn how to value your property, prepare it for sale, navigate the selling process, and avoid common pitfalls that can cost you thousands of dollars.

### *Who This Guide Is For*

This guide is designed for mobile home park owners who are considering selling their property within the next 6-24 months. Whether you're retiring, diversifying your portfolio, or simply ready to move on to other opportunities, this guide will help you achieve the best possible outcome.

## 2. Is Now the Right Time to Sell?

Timing can significantly impact the value you receive for your mobile home park. Several market factors and personal circumstances should influence your decision to sell.

### *Market Conditions*

The mobile home park market has experienced significant appreciation over the past five years. Cap rates have compressed, prices per lot have increased 25-50% in most markets, and buyer demand remains strong.

### *Personal Considerations*

Beyond market conditions, personal factors often drive the decision to sell:

- Retirement planning
- Health concerns
- Capital needs for other investments
- Management burnout
- Infrastructure upgrade costs

### 3. Preparing Your Park for Sale

Proper preparation can add tens of thousands of dollars to your sale price and reduce time on market.

#### *Financial Documentation*

Buyers will scrutinize your financial records. Prepare:

- 3+ years of operating statements
- Current rent roll with payment history
- Property tax records
- Utility cost documentation
- Capital expenditure records

#### *Property Documentation*

Compile all property-related documents:

- Title and deed
- Current property survey
- Zoning approvals and permits
- Lease agreements
- Inspection reports

## 4. Understanding Park Valuation

Mobile home parks are valued using several methods. Understanding these approaches will help you set realistic expectations.

### *Income Capitalization Approach*

The most common method divides Net Operating Income (NOI) by a capitalization rate:

Value = NOI ÷ Cap Rate

### *Price Per Lot Method*

Current market ranges:

- Major Metro Markets: \$35,000-\$65,000 per lot
- Secondary Markets: \$25,000-\$45,000 per lot
- Rural Markets: \$15,000-\$30,000 per lot

## 5. The Selling Process

Understanding the typical timeline and steps:

### ***Step 1: Initial Preparation (1-3 Months)***

Gather documentation and address maintenance issues.

### ***Step 2: Marketing (2-8 Weeks)***

Identify potential buyers while maintaining confidentiality.

### ***Step 3: Negotiation (1-2 Weeks)***

Review offers based on price, terms, and buyer qualifications.

### ***Step 4: Due Diligence (30-45 Days)***

Buyer conducts thorough investigation of property and finances.

### ***Step 5: Closing (1-2 Weeks)***

Finalize agreements and transfer ownership.

## 6. Working with Buyers

Understanding different buyer types:

### ***Institutional Buyers***

Large operators seeking 50+ lot parks in growth markets.

### ***Regional Operators***

Mid-sized operators looking for turnaround opportunities.

### ***Individual Investors***

Smaller investors seeking 10-40 lot properties.



## 7. Tax Implications

Selling triggers significant tax consequences. Proper planning can save thousands.

### *Capital Gains Tax*

Long-term gains taxed at 15-20% federal plus state taxes.

### *1031 Exchange*

Defer taxes by reinvesting in like-kind property within 180 days.

Consult a CPA or tax attorney 6-12 months before sale.

## 8. Common Mistakes to Avoid

- Overpricing your property
- Poor financial documentation
- Ignoring deferred maintenance
- Failing to maintain confidentiality
- Accepting the first offer
- Neglecting tax planning
- Choosing price over terms

## **9. Next Steps**

How to move forward:

1. Assess your readiness to sell
2. Gather documentation
3. Address property issues
4. Get a professional valuation
5. Develop your tax strategy

## **How We Can Help**

David Buys Parks offers:

- Free property valuations
- Fast 30-45 day closings
- All-cash offers
- No fees or commissions
- Confidential process

## **Contact Us Today**

Phone: (515) 655-7750

Hours: Monday-Friday, 9 AM - 6 PM EST