

P R O S P E R I T A S

EUGEN KLEIN REAL ESTATE BROKERAGE & MARKETING SYSTEMS

JANUARY 2004

■ Pre-market Listings!

■ Top Story: **Manufactured Home Parks**

■ Inside:

Investment

Opportunities

Editorial



It has been just over six months since our first issue of Prosperitas was sent out last July, and I have to say that the

response has greatly exceeded my expectations.. Our initial circulation of 200 has grown to over 1,200 as of December 31st - I hope that all of you continue to find useful information in the articles and investment opportunities. To this end, as always, I welcome your comments and input; if you have any questions don't hesitate to call and I will do my best to help you.

After three issues following the process of a business transaction, I am changing focus to look at another type of investment - manufactured home communities. I encourage you all to attend the Financial Forum (see back cover). I attended the event last year and found it enlightening and an excellent networking opportunity. I hope to see you there!

This month I find myself on the other side of the podium: On February 3, 9, 21, and 22 Ozzie Jurock of jurock.com and featureweb.com has been kind enough to invite me to speak to his investment groups about business investment and commercial investment opportunities.

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Mobile home parks are one of the best long term real estate investment vehicles. As land intensive investments with little in depreciation, mobile home parks are attractive to lenders, so investors can negotiate lower rates and better terms, compared with other multi-family investments. Ironically, despite their attractiveness, information that would be of use to investors entertaining this choice of investment is difficult to find.

The mobile home park owner/investor has several sources of income within the park. As a landlord, the park owner, in most cases has no ownership of the actual homes on his pads, but can become involved in several processes to generate further revenues:

1. Sell mobile homes: The park owner can sell new and pre-owned homes into his own park creating a revenue stream not directly replicated in multifamily apartments.
2. Finance the homes: Many tenants looking for a pre-owned home

The Little Engine That Could

Part I: Manufactured Home Parks

By Eugen Klein, B.Comm(UREC), CRES, ARM®, RI, FRI

do not qualify for conventional financing. Not only can the park owner increase the overall monthly income via financing the home, he can charge an interest rate well above the current lending rate for a similar investment. As security, the terms of the agreement for sale usually do not allow the tenant to move their home out of the park until it is paid for; this gives stability to the park's rental income.

3. Rent the Pad; Rent the Home: the profits that are realized can be quite substantial. For example, imagine a pre-owned, refurbished mobile home that has cost the owner \$25,000 for the home, the

setup and the cosmetic upgrades. The rent of that home per month averages \$395 in many parts of BC, not including the pad rent. The return then is in the area of 19%.

4. Add Value to the Park and its Community:

Increasing the net income increases overall value. To achieve a desirable *(continued on page 4)*

T E S T I M O N I A L S

"Eugen Klein is without a doubt the hardest working and most dependable real estate broker we have ever come across. Since our first meeting over a year ago he has continually impressed us by always anticipating our needs and exceeding our expectations."

Dr. A. Ignaszewski, M.D., FRCPC, FACC
Cardiologist Heart Transplant Program
Medical Director Healthy Heart Program
and Heart Function Program

"Rarely does someone come along who attacks life and business with such zeal. I have been a commercial real estate agent for the past 16 years and have only met a handful of people with Eugen's credentials. I have no compunction about sending any of my clients or referrals to Eugen as I know they will be well served."

Mr. B. Mark Thiessen
Prairie Region Director, National
Commercial Council, CREA

"I know that he devotes exactly the same care and attention to his clients' investments as he does to his own. He is a man of tremendous integrity. I encourage you without reservation to rely upon Eugen to answer your real estate questions and your real estate needs. Or call him any time for advice, on any matter; he is always happy to give it, and it never fails to be useful. He is truly a pleasure to work with."

'Rocky' Roy Cameron
BC Lions Alumni

"In my family's 10 year association with Eugen Klein, he has displayed attributes which have secured our continued admiration. They are: Respect, dedication, dependability, passion and commitment to his causes, particularly in the areas of self-improvement and the service of his friendships, his family, his clients, his scholastic and business associates."

Chris Stringer,
President, Actionview

Please visit us on the world wide web at www.eugen-klein.com

Goddard & Smith
International Realty Inc.



REGAL RIDGE

- 27 lots available
- Grizzly Lot #13
- 3.2 Acres, with view
- Osoyoos, BC
- Priority sign up
- More sites coming!



\$108,000

2. MOBILE HOME PARK LAND

Okanagan valley, 20+ acres, all services at lot line. Conforming & non-conforming uses available. 100+ pads.

3. 46 ACRE DEVELOPMENT SITE

Between I-5 & Pacific Hwy; truck stop, manufacturing, duty free potential \$4.50-\$6.50/sq.ft. Border proximity 10 parcels, all serviced

4. SPA & RETREAT FRASER VALLEY

Loyal clientele; solid contracts and affiliations with local hotels, convention centres, churches & community groups.

5. REVELSTOKE RESORT

18.73 Acres; Restaurant, Pub, 26 Rooms, Indoor Swimming Pool, Cabins. Strong Winter Revenues,

6. CLOTHING MANUFACTURING

Manufacturing business, growing revenues, business sale - Vancouver.

7. DOWNTOWN STRATA OFFICE

Howe Street, Vancouver. Supreme Court. Perfect for independent professional. Parking space included. Excellent amenities.

8. MIXED COMMERCIAL

Aldergrove: two level; commercial lease space downstairs and residential space upstairs. Fully leased/owner occupied.

9. MIXED-USE REDEVELOPMENT

Shopping mall for redevelopment into com/res tower, 15+ storeys. Exceptional view of Vancouver & Puget Sound \$13,000,000

10. FAESSLER VINYARDS

On beautiful Serpentine River near Cloverdale, BC. Permit application pending for winery license.



Coming Soon



\$10,500,000



\$249,000



\$4,250,000



Coming Soon



\$99,500



\$650,000



\$13,000,000



\$1,650,000

MANUFACTURING BUSINESS WITH LAND

Over \$2 million in revenue, over 1 acre of land; expansion possibilities for facilities and markets.

SPA & RETREAT DOWNTOWN

2000 sq. ft. - option on building with purchase

KITSILANO RESTAURANT & BUILDING

Large and busy, recognized name & location

QUIZNO'S FRANCHISE VANCOUVER

High traffic location, consistent revenue

This communication is not intended to induce a breach of already listed properties or businesses. All information must be verified by the purchaser. Images are representative only.

COMMUNITY

My 'Community' section is dedicated to the extraordinary people who have contributed to my life with exceptional service. I would like to share my good fortune of knowing them with you. Please feel free to convey my recommendation.

BARFLY

Mr. Jesse Bannister
New Westminster (604) 519-0333

BANK OF MONTREAL

Mr. Joe Corrado & Mr. Mark Tower
Vancouver (604) 665-2682

CAPITAL WEST MORTGAGE

Mr. Daymon Eng
Vancouver (604) 899-3799

CHARTERED ACCOUNTANT

Mr. Grant Gilmour
Langley (604) 888-4200

CIBC RESIDENTIAL FINANCE

Mr. Adam Beaudin-Ball
West Vancouver (604) 981-2549

COMFORT INN

Mrs. Valerie Orr
Vancouver (604) 605-4339

COMMERCIAL MORTGAGES

Mr. Gary Khangura
Vancouver (604) 879-0235

CYPRESS INSPECTIONS LTD.

Mr. Noel Murphy
West Vancouver (604) 312-8606

ENGLAND PAINTING

Mr. Andrew Rabek
Vancouver (604) 377-0763

12. NIGHT CLUB - FRASER VALLEY

Established club with loyal clientele. Minutes from downtown Surrey. Excellent lease 5,000 sq.ft.; Completed full renovations.

13. VANCOUVER ISLAND MOTEL

Perfect downtown sea side location; direct access to all major roads & arteries; Only 2 minutes from the Great Canadian Casino, Commercial Docks, 4 Ferry Terminals & Seaplane Terminal

14. TACO TIME

Three locations in Greater Vancouver, Managers in place in all stores, owners retiring, franchises offered below market

15. GRANVILLE STRIP RESTAURANT

Located in the bustling heart of downtown Vancouver. Exceptional reputation. Call to register for package!

16. INDUSTRIAL MANUFACTURING

Steel and transport related business with land, owner's expansion requires a new location; motivated seller

17. GIFT SHOP - METROTOWN

2,580 sq. ft. - Excellent exposure. Inventory extra. Priced for quick sale.

18. ENGLISH TRAINING COLLEGE

Central Location in downtown Vancouver. \$1,100,000 in annual revenue.

19. DEVELOPMENT LAND GVRD

Parcels for mixed use commercial/residential - inquire today

20. GAS STATION LOCATIONS

Lower mainland and interior BC locations. Great stable cash flows with car washes and convenience stores.

WANTED

20,000 - 30,000 sq. ft. retail location in close proximity to downtown: lease or buy

WANTED

Industrial building; south side of Fraser River, 1.5 acre lot with building preferred.

WANTED

Buyer for distress sale of mobile home park with redevelopment potential.

WANTED

Vancouver residences for land assembly



\$1,950,000

TOWING COMPANY

Serving all major southern BC highways from central location

- 17 years growth
- 13 trucks
- Major contracts
- Awesome cash flow!



\$595,000



\$1,400,000



\$510,000



Coming Soon



Coming Soon



\$139,000

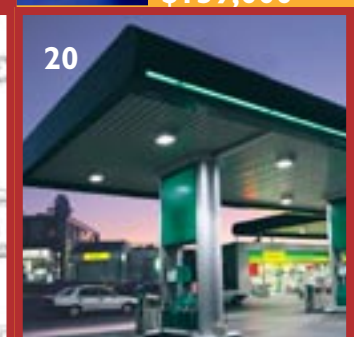


\$720,000

\$550,000



Coming Soon



Coming Soon

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C O M M U N I T Y

EVERGREEN PRINTING

Mr. Shaf Malek
Vancouver (604) 734-3774

MAHOVLICH MARBLE & GRANITE

Mr. Frank Mahovlich
Vancouver (604) 293-0093

PINK LIME SALON & SPA

Mr. Youssef Jawhari
Vancouver (604) 683-7444

SCOTIA MCLEOD

Mrs. Vanessa Stenner-Campbell
White Rock (604) 535-4749

FLOWFORM DESIGN GROUP

Mr. George Verdolaga
Vancouver (604) 321-8008

MCKITRICK CLARK MCLEOD

Mr. Bruce J. Preston
Vancouver (604) 736-6717

POPCORN CREATIVE

Mr. Simon Dabbs
Vancouver (604) 408-7767

VANCITY CREDIT UNION

Mr. Joe Chan
Vancouver (604) 877-8296

LA CASA GELATO

Mr. Vince Misceo
Vancouver (604) 251-3211

NATIONAL HOME REVIEWS

Mr. Dean Kazoleas
Vancouver (604) 681-2108

RENOVATIONS & APPRAISALS

Mr. Chris Lewin
North Vancouver (604) 562-5799

VANCITY VENTURE CAPITAL

Mr. Axel Christiansen
Vancouver (604) 877-6582

Financial Forum 2004

Investment & Financial Education Event - Feb. 13-15 at the Vancouver Convention Centre



The financial services industry comes face to face with investors at the 11th Annual Vancouver Financial Forum. Some of the most respected financial speakers in the country (like Michael Levy and Howard J. Atkinson) will be giving seminars on such topics as the emerging bull market in gold and gold stocks, interest rates and real estate investment, and proper due diligence. You will have the opportunity to pose questions to industry experts while improving your investment skills, and even obtaining that hot stock pick!

You can register for the forum on-line at www.financialforum.ca. Use invitation code **"VDF2"**

when filling out the application: this will allow you to gain admission to the exhibition and many of the seminars for FREE! ■

Let's Talk Tax

by Vanessa Stenner-Campbell Investment Executives

No matter what your portfolio's returns are, the real indicator of financial success is after-tax wealth. That is why it is critical for you to understand how your investments are taxed. Then you can employ strategies to make the tax rules work in your favor and minimize the amount of tax you pay.

There are three main types of investment income — interest, dividends, and capital gains. The three types of income your portfolio can generate are all treated differently

for tax purposes:

- Interest income is taxed at the highest marginal rate.
- Dividends receive preferential tax treatment in the federal and provincial dividend tax credit.
- Capital gains are taxed at the highest marginal rate, but only 50% of the gain is now taxable.

The tax paid on capital gains is low, because only 50% of capital gains are taxed, and the gains are not taxed until the investments are sold,



except in situations where there is a deemed disposal. A deemed disposal can occur, for example, upon the death of a taxpayer, or when an investment is transferred into an RRSP, or if the investment is given as a gift.

Vanessa and her husband Raymond provide investment advice through the Stenner/Campbell Investment Team at Scotia-McLeod:

(604) 535-4749
www.stennerteam.ca ■

Increasing Net Income

(continued from page 1)

sale price, the first step is to add value by decreasing the number of empty pads. For example, each time a pad is rented the net income of the property may be increased by \$200 a month, or \$2,400 per year of cash profit. At a capitalization rate of 10%, which would be very high for any opportunities within the Lower Mainland, the park value is increased by \$24,000.

As always, an attractive, well-maintained, property will sell at a higher price than one that is poorly maintained - even though it earns the same profit. Many parks have rental rates which are below market, and have not been able to "catch up" due to the restrictions under the previous provincial government. New legislation in the Manufactured Home Park Tenancy Act (2004) has addressed this issue.

Purchasing adjoining property to expand and add value has significant costs including the land price itself, interest, permits, DCC (Development Cost

"...well maintained property will sell at a higher price..."



Charges paid to the city per pad), and servicing. Subdividing existing lots to create additional lots or redeveloping park or storage space can be more cost effective. When city limits expand and city sewer service is connected to a park, the land for the septic field can be cleaned, the tanks removed and new lots established. Be wary that there can be costly environmental procedures associated with this option.

As the DCC in many cities is increasing, the building of new

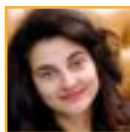
mobile home communities is slowing down. Mobile home vacancies are more difficult to fill than conventional apartment accommodations as they are more costly and involve large moving costs. This, coupled with the DCC, land prices, permits, roadways and service development requirements, new parks can become a large cash outlay with no returns upon completion or in the near future. Owners of existing communities benefit as rental rates increase and vacancies in many of the urban areas are in decline. ■

INVESTMENT ■ BUSINESS BROKERAGE ■ SITE SELECTION ■ ASSEMBLY



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Please do not hesitate to call me at 604.818.5888; it is my pleasure to serve your real estate needs.

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International Realty Inc.

