



SOUTHRIDGE

RV PARK

BIG SPRING, TX

— A 139 SPACE RV PARK INVESTMENT OPPORTUNITY WITH ADDITIONAL LAND FOR DEVELOPMENT —

Marcus & Millichap
KAPLAN BROKERAGE GROUP

OFFERING
MEMORANDUM

A 139 SPACE RV PARK INVESTMENT OPPORTUNITY WITH ADDITIONAL LAND FOR DEVELOPMENT

SOUTHRIDGE

RV PARK

907 I-20 FRONTAGE RD
BIG SPRING, TX 79720

Marcus & Millichap
KAPLAN BROKERAGE GROUP

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section 1
Executive Summary



offering summary



summary of terms



investment overview



investment highlights

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OFFERING SUMMARY

SOUTHRIDGE RV PARK
907 I-20 FRONTAGE RD // BIG SPRING, TX 79720

|  Total Price | Price Per Space | CAP Rate | CAP Rate |
|---|-----------------|---------------------------|-------------------------------|
| \$3,850,000 | \$27,697 | 11.5% | 11.95% |
| | | <i>Trailing 12 Months</i> | <i>1/1/2020 to 12/31/2020</i> |

| | |
|-------------------------|--|
| Total Spaces | 139 Total / 123 RV, 16 Modular |
| Assessor Parcel Numbers | 51441003800 (partial) and 51441004100 |
| Year Built | 2013 |
| Lot Size | ±95 acres from APN 51441003800 (seller will retain ±45 acres); APN 51441004100 is ±9.27 acres |

SITE BREAKDOWN

| | |
|--------------|-----|
| RV | 123 |
| Modular | 16 |
| Total Spaces | 139 |

SUMMARY OF TERMS

INTEREST OFFERED

100% Fee Simple Interest

TERMS OF SALE

Property will be delivered free of existing debt obligations. Terms to be cash at closing.

PROPERTY TOURS

Prospective purchasers are encouraged to visit the subject property prior to submitting offers. However, all property tours must be arranged with the Marcus & Millichap listing agents. **At no time shall the tenants, on-site management or staff be contacted without prior approval.**





SOUTHRIDGE RV PARK

907 I-20 FRONTAGE RD, BIG SPRING, TX 79720

INVESTMENT OVERVIEW

Southridge RV Park is a thriving investment opportunity catering to Permian Basin workers in the region and local residents of Big Spring.

Strong long-term jobs in the Permian Basin for energy infrastructure and construction jobs combined with a shortage of permanent housing creates high demand for RV parks in the city and region.

Local economic drivers are oil and gas drilling, pipelines, solar and wind farms, refineries, general construction related businesses, VA and state hospital, state and federal correctional facilities.

Park also caters to local residents who are in need of low income housing alternatives.

The park is located on ±20 acres with an additional ±40 acres to be sold with the RV park.

+30 acres of land available to develop additional RV or MH sites.

Ideally situated directly off Exit 178 on Interstate 20 with good visibility and large sign.

Located within the city limits of Big Spring, TX.

The park has city water and can be connected to city sewer which is already accessed at the neighboring property.

An additional +-45 acres can be purchased on top of current acreage offered.

INVESTMENT HIGHLIGHTS

11.5 % CAP Rate on 2019 Income with Significant Development Opportunity

Park has 123 RV Sites and 16 Modular Homes Paying Lot Rent

2019 average occupancy was 94%

Big Spring Population Expected to Exceed 30,000 by End Of 2019 with the Largest Employers Being Hospitals,

Correctional Facilities, Education and Retail

Average to Below Market RV Site Rent and Opportunity to Significantly Increase Lot Rent for the Modular Homes

On-site Manager In Place with Desire To Stay In Current Role





section 2
Property Description



the property




local and regional maps

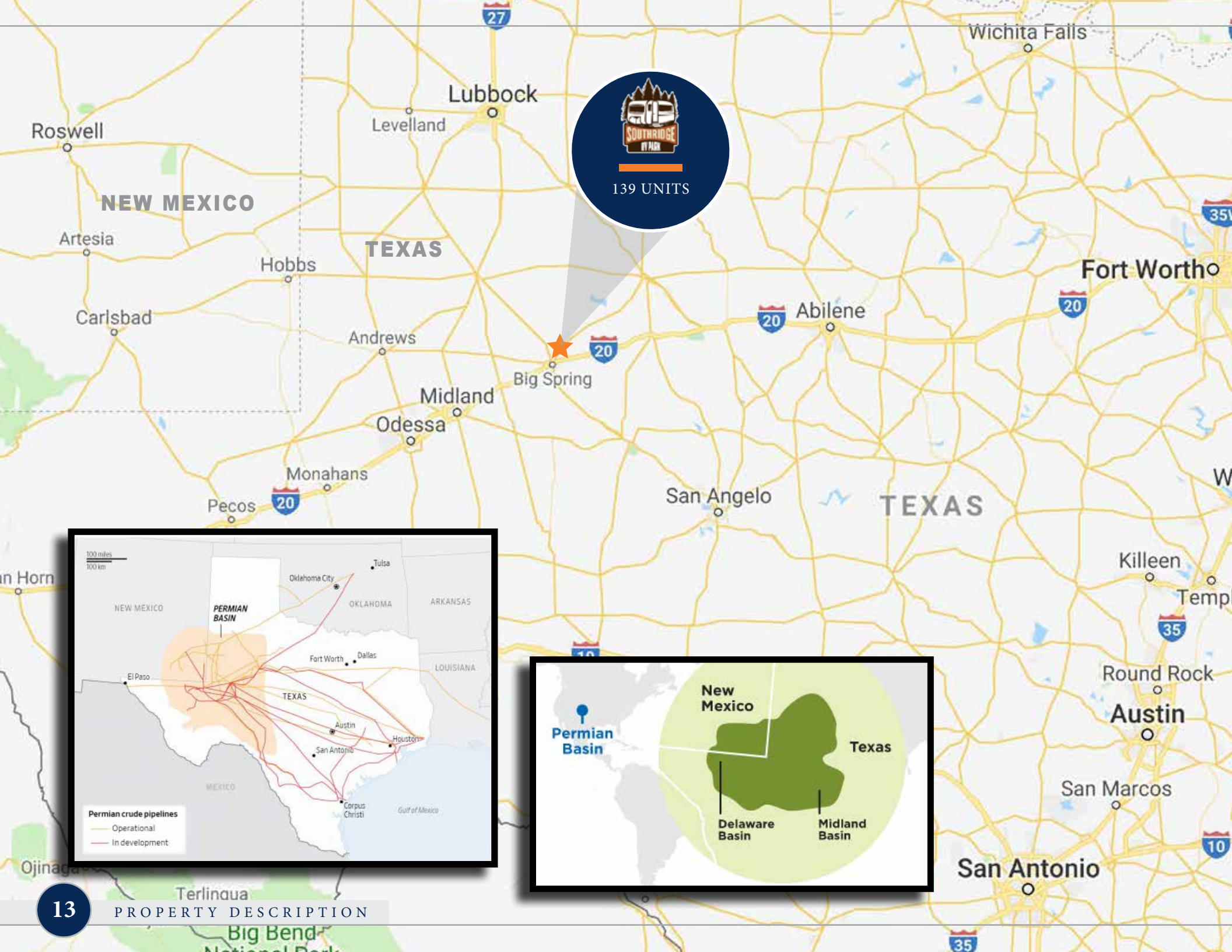


amenities

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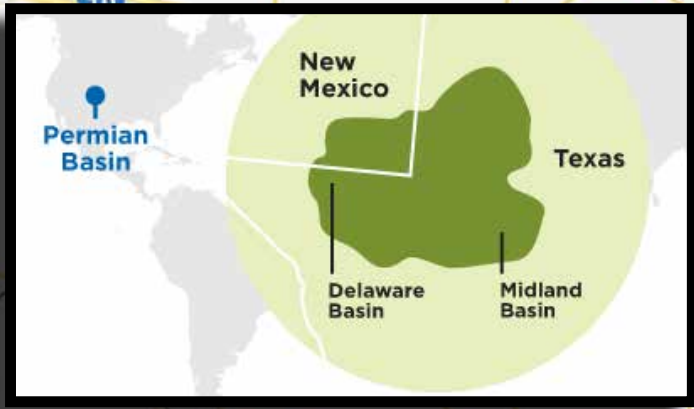
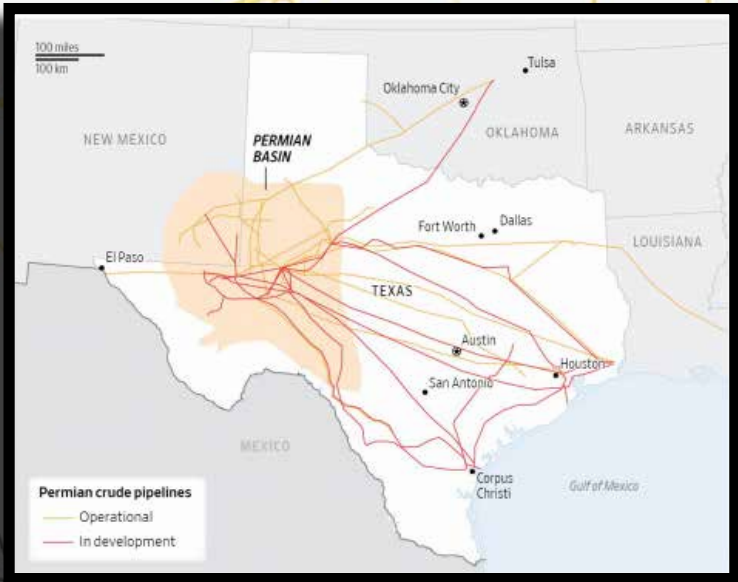



139 UNITS



**SOUTHRIDGE
BY PARK**

139 UNITS



ADDITIONAL +/-45 ACRES
WHICH CAN BE PURCHASED FOR
ADDITIONAL COST

Hilltop Rd

PROPOSED PROPERTY BOUNDARY

PROPOSED DEVELOPMENT AREA
±30 ACRES

N Benton St

SOUTH RIDGE
BY PARK
139 UNITS



I-20 Frontage Rd



PROPERTY DESCRIPTION // *Southridge RV Park*

| | |
|-----------------------------------|---------------------------------------|
| Number of Spaces | 139 Total / 123 RV, 16 Modular |
| Year Built | 2013 |
| Number of Buildings | 19 |
| Total Square Footage of Buildings | ± 2,000 SF |
| On-site Manager's Modular | ± 1,000 SF |
| Office | ± 600 SF |
| Laundry Room | ± 400 SF |
| Acreage | ± 60 Acres |
| Zoning | Heavy Commercial and Light Industrial |

CURRENT RENT

| SITE | # OF | DAILY RATE | WEEKLY RATE | MONTHLY RATE |
|---------|------|-------------------------------------|-------------|---------------|
| RV | 123 | \$30 | \$200 | \$400 - \$550 |
| Modular | 16 | All privately owned paying lot rent | | \$500 |

UTILITIES

| UTILITY | SERVICE PROVIDER |
|------------|-------------------------------|
| Water | City of Big Spring |
| Sewer | On-site Septic |
| Electric | Oncor / Brilliant |
| Trash | City of Big Spring |
| Cable / TV | Dish Satellite and Suddenlink |
| Internet | ATT Fiberoptic |





Park AMENITIES



50/30 Amp Service



WiFi



Cable TV



Large Spaces



18 Wheeler Parking



Laundry



On-Site Park Manager





section 3
Financial Analysis



property details

pricing details

operating statement

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PROPERTY DETAILS // *Southridge RV Park*

| | |
|--|--------------|
| Offered Price | \$3,850,000 |
| Debt | \$2,695,000 |
| Equity Investment | \$1,155,000 |
| Marcus & Millichap 2020 Projected NOI | \$459,555 |
| Annual Principal and Interest Payments | \$236,382 |
| Estimated Pre Tax Cash Flow | \$223,172.76 |
| Year One Cash on Cash Return | 19.3% |
| Year One Cash on Cash with Principal Reduction | 25.6% |
| DSCR - Year 1 (all loans) | 1.94 |

MARCUS & MILLICHAP CAPITAL CORPORATION FINANCING AVAILABLE

| | |
|---------------|---------------|
| Loan Amount | \$2,695,000 |
| Loan to Value | 70% |
| Interest Rate | 6.25% |
| Amortization | 20 Years |
| Loan Term | 5 Years Fixed |
| Lender | Regional Bank |

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FINANCIAL STATEMENT // *Southridge RV Park*

| MARCUS & MILLICHAP RECAST | | | | | | |
|--|-----------|--------|-----------|-----|----------------|-----|
| INCOME | 2018 | | 2019 | | 2020 PRO FORMA | |
| RV Site Rent | \$588,931 | 75.8% | \$646,018 | | \$664,468 | *1 |
| Mobile Home Site Rent | \$106,356 | 13.7% | \$106,660 | | \$111,460 | *2 |
| Total Rental Income | \$695,287 | | \$752,678 | | \$775,928 | |
| Other Income | | | | | | |
| Utility Income / Reimbursement | \$38,552 | 5.0% | \$72,839 | | \$73,000 | |
| Propane Sales | \$27,502 | 3.5% | \$24,273 | | \$25,000 | |
| Laundry / Vending | \$11,329 | 1.5% | \$24,047 | | \$25,000 | |
| Other Income | \$4,516 | 0.6% | \$4,532 | | \$5,000 | |
| Total Other Income | \$81,899 | 10.5% | \$125,691 | | \$128,000 | |
| Total Income | \$777,186 | 100.0% | \$878,369 | | \$903,928 | |
| Cost Of Goods Sold | | | | | | |
| Propane Sales | \$14,145 | | \$15,415 | | \$15,750 | |
| Store Supplies | \$1,118 | | \$265 | | \$320 | |
| Total Cost Of Goods Sold | \$15,263 | | \$15,680 | | \$16,070 | |
| Gross Profit | \$761,923 | | \$862,689 | | \$887,858 | |
| EXPENSES | | | | | | |
| Property Taxes | \$27,168 | | \$18,061 | | \$18,783 | *3 |
| Insurance | \$3,561 | | \$3,456 | | \$3,600 | |
| Management Fee | \$37,113 | | \$43,524 | | \$44,392 | *4 |
| Payroll (Manager & Maintenance & Workers Comp) | \$62,396 | | \$65,040 | | \$66,000 | |
| General & Admin | \$33,158 | | \$31,533 | | \$32,300 | |
| Advertising / Marketing | \$2,917 | | \$5,499 | | \$6,000 | |
| Repairs & Maintenance | \$21,742 | *5 | \$38,502 | | \$39,000 | |
| Utilities | | | | | | |
| Cable, Internet, Telephone | \$37,566 | | \$50,929 | | \$51,228 | |
| Water & Sewer & Trash | \$31,009 | | \$24,444 | | \$25,000 | |
| Electric | \$132,453 | | \$139,630 | | \$142,000 | *7 |
| Total Utilities | \$201,028 | | \$215,003 | | \$218,228 | *8 |
| Total Expenses | \$389,083 | 51% | \$420,618 | 49% | \$428,303 | 48% |
| NET OPERATING INCOME | \$372,840 | 49% | \$442,071 | 51% | \$459,555 | 52% |

- 1) Scheduled \$25 site rent increase starting July 1, 2020
- 2) \$50 rent increase on all mobile homes starting July 1, 2020
- 3) 2019 property taxes with estimated 4% increase from 2019
- 4) Mgmt fee is 5% of gross profit

- 5) R&M reduced by \$20000 in 2018 to reflect capex on Electrical system
- 7) 3% increase over 2019
- 8) Utilities 1.5% increase on 2019



section 4
Rent Comparables



location map



comparables

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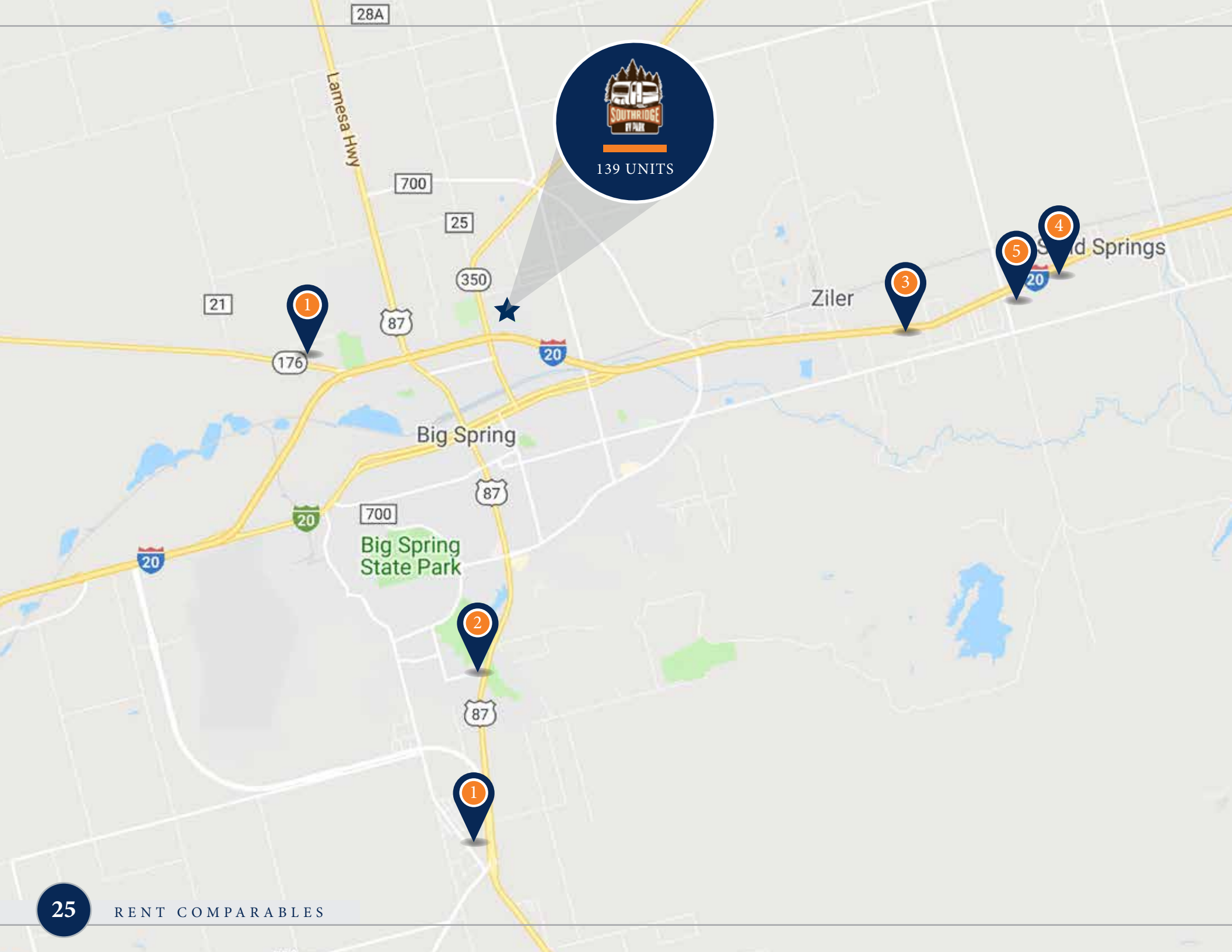


RENT COMPARABLES // *Southridge RV Park*

| PROPERTIES | # OF UNITS | MONTHLY RATE (Not Including Utilities) | MONTHLY RATE (Including Utilities) | % LEASED |
|--|------------|---|---------------------------------------|----------|
| ★ SOUTHRIDGE RV PARK // Big Spring, TX | 139* | \$385 - \$400 | \$525 - \$550 | 90+% |
| 1 WEST TX FRIENDLY NORTH AND SOUTH // Big Spring, TX | 121 | N/A | \$550 - \$600 | 100% |
| 2 TEXAS RV PARK OF BIG SPRING // Big Spring, TX | 161 | N/A | \$575 - \$600 | 100% |
| 3 SUBURBAN EAST RV PARK // Big Spring, TX | 60 | N/A | \$550 - \$600 | 100% |
| 4 HAPPY TRAILS RV PARK // Big Spring, TX | 50 | N/A | \$425 - \$475 | 90% |
| 5 WHIP IN RV PARK // Big Spring, TX | 64 | \$450 | N/A | 90% |

*Includes 16 modular paying lot rent

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139 UNITS



WEST TEXAS FRIENDLY RV PARK NORTH AND SOUTH

1314 TX-176 & 5327 Wasson Rd, Big Spring, TX 79720



| # OF UNITS | MONTHLY RATE (Not Including Utilities) | MONTHLY RATE (Including Utilities) | % LEASED |
|------------|---|---------------------------------------|----------|
| 121 | N/A | \$550 - \$600 | 100% |



TEXAS RV PARK OF BIG SPRING

1001 Hearn St, Big Spring, TX 79720



| # OF UNITS | MONTHLY RATE (Not Including Utilities) | MONTHLY RATE (Including Utilities) | % LEASED |
|------------|---|---------------------------------------|----------|
| 161 | N/A | \$575 - \$600 | 100% |



SUBURBAN EAST RV PARK

5700 Cedar Rd, Big Spring, TX 79720



| # OF UNITS | MONTHLY RATE (Not Including Utilities) | MONTHLY RATE (Including Utilities) | % LEASED |
|------------|--|------------------------------------|----------|
| 60 | N/A | \$550 - \$600 | 100% |



HAPPY TRAILS RV PARK

7400 S Service Rd I-20, Big Spring, TX 79720



| # OF UNITS | MONTHLY RATE (Not Including Utilities) | MONTHLY RATE (Including Utilities) | % LEASED |
|------------|--|------------------------------------|----------|
| 50 | N/A | \$425 - \$475 | 90% |



WHIP IN RV PARK

7000 S Service Rd I-20, Big Spring, TX 79720



| # OF UNITS | MONTHLY RATE (Not Including Utilities) | MONTHLY RATE (Including Utilities) | % LEASED |
|------------|---|---------------------------------------|----------|
| 64 | \$450 | N/A | 90% |



section 5
Area Overview



area attractions
.....
location overview

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IN THE NEWS: PERMIAN BASIN



El Paso Times

March 17, 2019
Chris Ramirez

Construction of Texas' largest solar farm gets underway near Midland

Enel Green Power North America, Inc. last month kicked off construction of what will be the largest solar farm in Texas.

The company's 497-megawatt-hour Roadrunner solar project in Upton County, near Midland, will be built in two phases, and is expected to generate around 1.2 terawatt hours annually when it's fully operational.

Officials for the company anticipate the 2,770-acre project will create more than 500 jobs in the Permian Basin and contribute more than \$60 million in property taxes over the next 30 years. [Read more...](#)



**North American Oil & Gas
PIPELINES**

May 28, 2019

2019 U.S. Oil Pipeline Report: Permian Production Spurs New Projects

U.S. energy production continues to expand rapidly, as 2018 marked the most profitable year for U.S. oil producers since 2013.

Production in the Permian Basin has been especially strong. Earlier this year, both ExxonMobil and Chevron announced plans to increase activity in the Permian Basin of West Texas and southeastern New Mexico. ExxonMobil plans to produce more than 1 million barrels per day (bpd) of oil-equivalent in the Permian by as early as 2024 — an increase of nearly 80 percent. The anticipated increase in production will be supported by further evaluation of the company's activities in the Delaware Basin, infrastructure development plans and secured capacity to transport oil and gas to ExxonMobil's Gulf Coast refineries and petrochemical operations through the Wink-to-Webster, Permian Highway and Double E pipelines. [Read more...](#)

City Of BIG SPRING, TEXAS

Big Spring is located in West Texas and features a diverse and varied economy, caring residents, friendly families, and beautiful landscapes to call home. Big Spring is the county seat of Howard County, Texas, and is situated at the crossroads of U.S. Highway 87 and Interstate 20.

Major industries located within the government's boundaries or in close proximity include numerous oilfield related businesses, wind energy, manufacturers of hydraulic components, carbon black, five prison facilities, a large oil refinery, a railroad, and several financial institutions and insurance companies. Both the state and federal governments are significant economic presences thanks to a major psychiatric hospital and a veteran's health care facility that provides employment to approximately 1,100 healthcare professionals and staff.

Big Spring sits in a rocky gorge between two high foothills of the Caprock escarpment and derived its name from the nearby "big spring" in Sulphur Draw, which was a watering place for coyotes, wolves, buffalo, antelope and mustangs. Big Spring is located approximately 40 miles east of Midland, 80 miles north of San Angelo, 100 miles west of Abilene, and 95 miles south of Lubbock.

PERMIAN BASIN

- 75,000 square mile oil field in western Texas and southeastern New Mexico
- 3.8 million barrels per day were produced by the end of 2018, vaulting the Permian into second place in the world
- Expected to double oil output to 8 million barrels in just four years
- ExxonMobil and Chevron announced plans to increase activity in 2019
 - ExxonMobil plans to produce more than 1 million barrels per day of oil by as early as 2024 — an increase of nearly 80 percent
 - New pipeline projects currently underway to meet the demand, including the \$1.1 billion Cactus II Pipeline and 650-mile Jupiter Pipeline
- Renewable energy farms are driving sustained growth in the area
 - \$600 million West Texas wind farm began construction in January 2019
 - Texas' largest solar farm began construction near Midland in March 2019
 - 2,770-acre project will create more than 500 jobs and contribute more than \$60 million in property taxes over the next 30 years
 - \$416 million solar farm expected to be completed in 2020
 - 7-square mile project expects to create hundreds of jobs and deliver more than \$21 million in property taxes and \$23 million in wages
 - 28,000 megawatts of solar projects planned, 34,000 megawatts of wind under study, and nearly 14,000 megawatts of natural gas generation under review or development



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