

REAL-ESTATE

Ormond Beach manufactured home community sells for record \$96 million

Deal is biggest real estate sale in Volusia County history

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ORMOND BEACH — A national insurance company just made the biggest real estate purchase in Volusia County history — for a manufactured home community.

Northwestern Mutual Life Insurance paid \$96 million on July 20 to acquire the Aberdeen at Ormond Beach 55-and-older community in Ormond Beach, Volusia County property records show.

The amount paid for Aberdeen far surpasses the county's previous record real estate deal: \$61 million that NorthStar Realty Finance Corp. paid in 2013 for the 6,285-acre Restoration development site in Edgewater.

"Holy crap," said Dick McNerney, a commercial real estate agent with Adams, Cameron & Co. Realtors, upon hearing how much Aberdeen sold for.

Some Aberdeen residents, however, are not so thrilled.

"I think everybody's worried about the sale but it's only been a few weeks so there's nothing to criticize, at least not yet," said resident Marilyn Juengst who moved with her husband John to Aberdeen in 2018.

The couple previously lived in another mobile home park: the Plantation Oaks of Flagler 55-and-older community in Flagler Beach.

That community is also owned by Northwestern Mutual. The insurance giant paid \$26.4 million to acquire the 377-lot Plantation Oaks of Flagler in 2012.

"We moved to Aberdeen because that place (Plantation Oaks of Flagler) was a mess," said Juengst. "There was constant controversy between the management and residents over every

single thing. It just wasn't a happy place. I was on the board of the homeowners association there and I didn't think they (the property management company brought in by Northwestern Mutual) kept the community up.

"At one point, I asked them if they had a plan for maintaining the community. They said they do things as they come."

Northwestern Mutual has already brought in the same property management company — Murex Properties — to take over running Aberdeen.

Juengst said she is holding out hope that things will be different this time around.

Aberdeen is a 300-acre gated community along the south side of Hand Avenue that stretches from Clyde Morris Boulevard on the east, where its entrance is located, to nearly all the way west to Williamson Boulevard. It is just north of David C. Hinson Middle School.

It is located just north of Daytona Beach's fast-growing LPGA Boulevard, a corridor that has attracted a surge in new homes, luxury apartments and commercial development in recent years.

Aberdeen has 553 house lots. Most if not all are rented, said Juengst who added she could only think of one vacancy at present. Monthly rents for house lots range from \$600 to \$800, she said.

The seller was the community's developer, an entity known as Aberdeen at Ormond Beach Limited Partnership. The developer paid \$2.9 million to acquire the land in 1994, according to Volusia County property records.

"The previous owners were a limited partnership, but they ran it like a mom-and-pop," said Juengst. "The old management here (at Aberdeen) was super. The park is absolutely beautiful. It's like a hamlet in the middle of the city. It's literally a park with a lot of conservation spaces and lots of lakes. The place is so gorgeous."

The chief concerns among Aberdeen residents are whether the new owners will raise rents and continue to maintain the community at the same high level of care as the previous owners, Juengst said.

Some residents are also upset that at least two of the community's longtime "key staff" from the old management team are leaving at the end of the month. "They knew everyone by name," Juengst said.

Dana Matlock, a longtime resident and a former homeowners association president at Plantation Oaks of Flagler, said in her view Murex Properties has done an acceptable job maintaining the community, but "we never see Northwestern Mutual."

That is in sharp contrast to the community's original owners: local developers Parker Mynchenberg and the late Ronnie Bledsoe, Matlock said.

"They were amazing owners. They were very friendly. They used to throw a residents appreciation party for us every year," she said. "When Northwestern Mutual took over, the relationship changed. They (Northwestern Mutual) did build us a dog park a few years ago, but we were a happier community before."

"We had a prospectus so Northwestern Mutual had to keep our rent the same, but what they did raise was the market rents for new residents," Matlock added. "I'm still just paying \$587 a month, but the new people could pay up to \$300 a month more."

Patricia Keough-Wilson, local district president for the Federation of Manufactured Home Owners of Florida, said corporations swooping in to acquire manufactured home communities is an increasing concern among resident throughout the state.

"They've got deep pockets. Some of them care, but most look at us simply as revenue producers," said Keough-Wilson, who lives in the Lighthouse Pointe 55-and-older manufactured home community in Port Orange.

"They can come in and raise rents. They charge what they call "market rates" but we can't get it defined," she said. "We have people on the verge of homelessness at every single park. The rent goes up and up and up and some are on fixed pensions."

A recent industry report by TFS Properties in San Marino, California, noted that the coronavirus recession has increased the demand for manufactured homes.

"With more than 40 million Americans currently out of work, many will likely turn to manufactured homes," the report stated. "Since manufactured homes are an affordable alternative to regular single-family homes and apartments, they are the perfect answer."

The website MHVillage.com, which specializes in manufactured homes for sale, on Wednesday listed 20 available homes at Aberdeen at Ormond Beach. The prices ranged from a low of \$2,900 for a two bedroom/two-bath house to a waterfront home offering three bedrooms and two baths for \$82,500.

While residents at manufactured home communities typically own their home, they lease the lot it sits on from the community's owner. Monthly rents at Aberdeen at Ormond Beach range from roughly \$500 to \$800, said Juengst. The rent includes use of community amenities.

Aberdeen's amenities include a spa, whirlpool, bocce ball, tennis and shuffleboard courts, a billiards room, a library, fitness center, boat and recreational vehicle storage and a swimming pool.

Time Magazine in 2017 published an article hailing manufactured homes as "The Home of the Future."

Frank Rolfe who runs a program called Mobile Home University for investors told Time Magazine that mobile-home parks provide the steadiest income stream of any form of commercial real estate and the highest rate of return.

"What's more, the stigma (of mobile home parks) works to the advantage of investors," he told Time. "Because local authorities seldom approve new parks, supply remains constant even as demand grows and grows."

A recent article by the website Buildium.com noted that of the approximately 50,000 mobile-home parks across the country ... the vast majority are owned by mom-and-pop operators, many of whom are on the road to retirement. This presents a prime opportunity for investors."

"That's the trend," said Jerry Durham, president of the statewide Federation of Manufactured Homeowners of Florida. "All these communities started by mom-and-pop years ago are being sold to institutional investors. We're concerned about it, but there's nothing we can do. There's nothing illegal about it.

"Corporations like Northwestern Mutual are making investments in the communities, but at the same time they're raising rents. Their profit motors are quite different. We understand that," he said.

"But for residents, once you've been in these communities 10 to 15 years, your income tends to become fixed. And when you compound annual rent increases of say 3% over 10 to 15 years, it begins to add up."

And most manufactured homes today are a far cry from the trailer park homes of the 1960s and '70s. Newer manufactured homes have the look and feel of site-built traditional single-

family homes. Some include front porches and other features such as bay windows. They are also anchored to their foundations.

Moving a manufactured home today can cost at least \$5,000 if not more, making the option of relocating practically impossible for most, Durham said.

"In the case of Aberdeen, the \$96 million purchase price likely means the tax burden will be passed through to the homeowners," he said. "And owners of manufactured homes can't homestead our properties because we don't own the land."

The bottom line, Durham said, is that the increase in corporations buying manufactured home communities winds up "eroding their affordability."

Buddy Budiansky, a commercial Realtor with Realty Pros Commercial, said he knows of another manufactured home community in the Daytona Beach area that is in the process of being sold to a different institutional investor. The sale price is \$70 million.

"It's a very similar situation, a manufactured home park that's established like Aberdeen," he said. "This (other) one is about 500 lots."

Budiansky said he was not at liberty to disclose the name of the community or the buyer.

"Daytona is attractive to institutional investors because its real estate prices are still way low for being a coastal community in Florida," he said. "We've been a sleeper community."

Juengst said residents at Aberdeen are well aware that "with the sale we're likely going to get hit with a big pass-through tax bill either next year or the year after."

On the other hand, she said, "One thing Murex is already doing is they're bringing in a company to work on the lakes (to remove overgrown vegetation). That's a good thing."

Tom Gwin, president of the homeowners association at Aberdeen, said he wants to wait before forming an opinion on Northwestern Mutual and its property management company. "Murex has a great reputation," he said, adding, "It's too early to pass judgement. All the contacts I've had with them so far have been positive. Their history is that they improve the communities they own which is a comfort to me."

"The message I gave to them is this may be a business for them, but it's my home."