

# Mobile Homes Model

Revaluation Cycle – January 1, 2025 to December 31, 2028

Base Date: January 1, 2023



# MOBILE HOMES MODEL

## Model Identification

The Mobile Homes Model is an income model that values mobile home properties.

The Mobile Homes Model is a city-wide model in application.

There are five properties in Saskatoon within which mobile home pads are rented. One of these has a mix of mobile home pads, a residence and, a retail store, with the remainder being primarily mobile home parks.

**Revaluation Cycle** – January 1, 2025 to December 31, 2028

**Effective Date of Valuation** – January 1, 2023

**Date of Report** – January 1, 2025



# Model Summary

## Market Rent Model

| No. of Rents | Type of Pad | Median (Model/Contract Rent) | Median Rent |
|--------------|-------------|------------------------------|-------------|
| 5            | Single      | 1.00                         | 877         |
| 3            | Double      | 1.00                         | 925         |
| 8            | Both Types  | 1.00                         | 901         |

## Vacancy

Vacancy was stabilized at 7.7%.

## Sales

One mobile home park sale occurred within the timeframe of 2019 - 2022; however, one sale does not make a market; therefore, the Effective Gross Income Multiplier is determined using rates from similar property.

## E.G.I.M. Comparable Group

Mobile home parks are a segment of the overall rental housing market. In the absence of a sufficient number of sales of mobile home parks, the Effective Gross Income Multiplier is determined using rates from similar property.

B.O.R. 069 through 071-2013 found that mobile home parks should receive the E.G.I.M. developed from the Townhouse E.G.I.M. analysis as incur similar expenses as opposed to low rise or high-rise apartments. The current EGIM for townhouses is 11.85.

# Scope of Data and Analysis

## Valuation Approach

Mobile homes properties are bought, sold, and developed on the basis of expected income. The income approach to value reflects the manner in which the market views these properties. The standard mass appraisal method employed for mobile home properties is the Income Approach utilizing the Effective Gross Income Multiplier (E.G.I.M.).

The E.G.I.M. method begins with estimating the gross market rents per pad type. The resulting estimate is then extrapolated to reflect the Potential Gross Annual Income (P.G.I.). Market vacancy is then deducted from the P.G.I. resulting in the Effective Gross Annual Income (E.G.I.).

The E.G.I.M. method similar to the Overall Rate Method (O.A.R. or cap rate method) accounts for expenses in the valuation. The E.G.I.M. method accounts for expenses through the E.G.I.M. itself instead of a specific line item in the cap rate method. Using E.G.I.M.s in mass appraisal is straightforward when gross rents are typical in the marketplace.

The E.G.I. is then compared to the fully adjusted sale price for the sold properties within the relevant timeframe. The fully adjusted sale price is expressed as a multiplier of the E.G.I. producing an individual E.G.I.M. for each sale.

## Market Rent

Rents from five mobile home parks for single-wide pads, and three mobile home parks for double-wide pads were analyzed. The amounts were actual average December 2022 rents reported by property owners. Rents for single-wide pads were different from double-wide; therefore, grouping was required. Typically, pad rents include water, sewer and cable television. The chart below states the medians and ratio study results.

| No. of Rents | Type of Pad | Median Ratio (Model/Contract Rent) | C.O.D. (Model/Contract Rent %) | Median Rent |
|--------------|-------------|------------------------------------|--------------------------------|-------------|
| 5            | Single      | 1.00                               | 16.26                          | 877         |
| 3            | Double      | 1.00                               | 2.07                           | 925         |
| 8            | Both Types  | 1.00                               | 11.86                          | 901         |

## **Vacancy**

Four property owners reported pad rents on an accrual basis. This method of accounting measures annual vacancy in dollar terms relative to the potential gross annual income (PGI).

A vacancy of 7.7% is determined reasonable for valuation purposes.

## **Sales**

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