Cedar Flats RV Park

4200 County Rd 118, Midland, TX 79706 · 64 sites

RVP UNDERWRITER

VERDICT: CONDITIONAL GO · Offer 2 @ $1.63M · 10% dn · 8.50%/25yr · 50% SC@5% IO · DSCR 1.37x · CoC 23.3%

NOI (NORM.)	CAP RATE	DSCR	NET / YR	CASH-ON-CASH
$142K	8.7%	1.37x	$38K	23.3%

DEAL SNAPSHOT

The Offering Memorandum advertises a $217,316 NOI, but after normalizing for an unsupported 94% occupancy (underwritten at 85%) and adding standard operating expenses like management and CapEx, the books support a normalized NOI of $141,771. This significant gap means the asking price is likely aggressive for the current income. The property is in Midland County, a growing area driven by the oil and gas industry, which provides a strong demand story for RV parks, but also introduces economic cyclicality.

PROPERTY SNAPSHOT

Asking Price	$1,850,000
Fair Value (income)	$1.35M to $1.49M
Price vs Value	Overpriced
Sites	64
Price / Site	$28,906
Occupancy (used)	85%
Expense Ratio (norm.)	48.9%
GRM	6.0
1% Rule	1.38%
Rate Used	8.5%

NORMALIZED FINANCIALS

Effective Gross Income	$277,440
Management (added)	**$27,744**
CapEx Reserve (added)	**$12,800**
Repairs and maintenance	**$13,872**
Utilities	**$47,112**
Legal & Professional...	**$1,900**
Insurance	**$10,780**
Property taxes	**$21,461**
Payroll	$0
Total Expenses	$135,669
NORMALIZED NOI	**$141,771**

RED FLAGS

- OM markets current NOI $217,316, normalized is $141,771...
- Stated 94% occupancy unsupported by rent roll.
- Payroll listed as $0, indicating missing management costs.
- No capital expenditure reserve provided in financials.
- Repairs & Maintenance significantly below benchmark...
- Cap rate defaulted to 10% (research found none), verify...
- Occupancy used, 85%, is above the 72% the rent roll shows.

OFFER COMPARISON

	Seller	O1: Conv.	O2: Part.Carry RECOMMENDED	O3: Full Carry
Price	$1.85M	$1.43M	**$1.63M**	$1.85M
Down %	25%	25%	**10%**	10%
Terms	7.3%/25yr	8.5%/25yr	**50% SC@5%**	90% SC@6%
Cap Rate	11.7%	9.9%	**8.7%**	7.7%
DSCR	1.81x	1.37x	**1.37x**	1.42x
CoC	21.0%	10.7%	**23.3%**	22.6%
Net/Yr	$97K	$38K	**$38K**	$42K

VALUE-ADD UPSIDE

Implement RUBS (Ratio Utility...	+$24K NOI	Quick Win
Rate optimization	+$0K NOI	Medium Term
Increase occupancy	+$14K NOI	Medium Term
Monetize laundry room	+$3K NOI	Quick Win
Total potential upside	**+$40K NOI**	

TOP RISKS

HIGH Economic Volatility from Oil & Gas Dependence

Midland's economy is heavily tied to the cyclical oil and gas industry, which can lead to significant fluctuations in employment and demand for RV park sites...

Source: Dallasfed.org, Texas Ally Real Estate Group

MEDIUM Rising Insurance Premiums

Texas is experiencing a 'hard market' for property insurance, with premiums for RV parks rising due to increased catastrophic weather events (wind, hail, flood)...

Source: Leavitt Recreation & Hospitality, Kinder Institute for Urban Research

MEDIUM Unverified Occupancy and Income

The stated 94% occupancy is not supported by a rent roll, and the T-12 income implies a similar level. Without a detailed rent roll, the actual collected income...

Unverified, Offering Memorandum, T-12 Financials

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