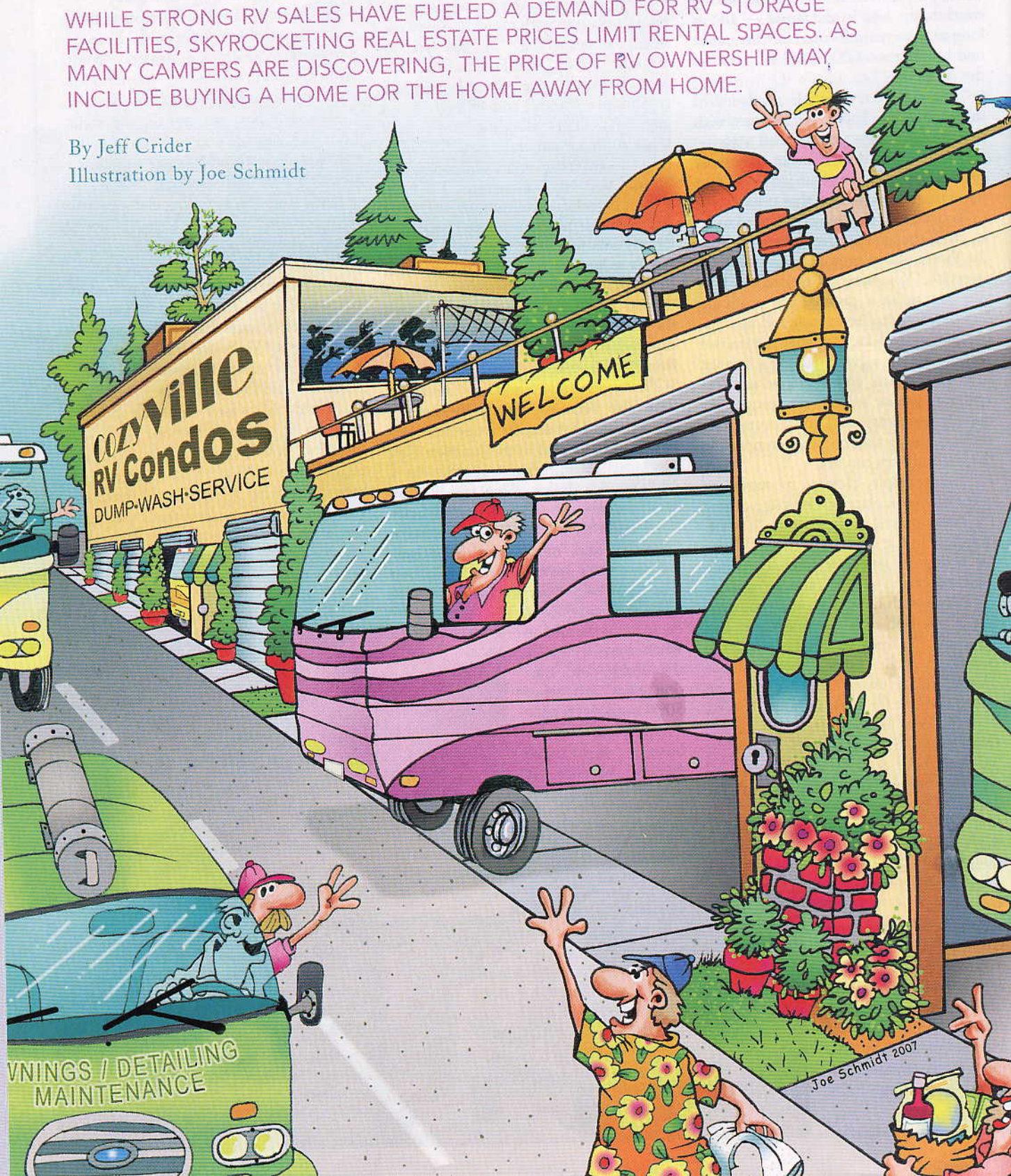


A Condo for

WHILE STRONG RV SALES HAVE FUELED A DEMAND FOR RV STORAGE FACILITIES, SKYROCKETING REAL ESTATE PRICES LIMIT RENTAL SPACES. AS MANY CAMPERS ARE DISCOVERING, THE PRICE OF RV OWNERSHIP MAY INCLUDE BUYING A HOME FOR THE HOME AWAY FROM HOME.

By Jeff Crider

Illustration by Joe Schmidt



Your Coach?

There's nothing particularly noteworthy about Davco Corp.'s storage yard in Miami, Fla. It's a simple, open lot with a fence around it that accommodates about 450 cars, boats and recreational vehicles.

But competition for storage in Davco's lot is keen as growing numbers of communities in Dade County step up their enforcement of residential RV parking restrictions. "It's a very good business," Rosic Rodriguez, operations manager for Davco Corp., told *RVBusiness*. "If I had another ten acres, I'd have it all filled."

Indeed, in southern Florida and across the country, cities and homeowners associations are increasingly forcing RV enthusiasts to park their vehicles in public storage facilities rather than in their driveways or in front of their homes.

And while volunteers from RV consumer groups like the Good Sam Club and the Family Motor Coach Association (FMCA) often step into these battles, providing their members with strategies and tactics to persuade city officials to defer or minimize the extent of new RV parking restrictions, prohibitions against RV parking are increasingly being written into the Covenants, Codes and Restrictions (CCRs) of new housing developments, creating a fait accompli that RVers are powerless to change.

Meanwhile, RV enthusiasts in metropolitan areas are increasingly hard pressed to find places to store their vehicles because the number of storage facilities is not keeping pace with demand. In fact, in Orange County, Calif., one of the nation's most expensive real estate markets, the number of RV storage facilities is actually on the decline as storage lots are converted to more lucrative uses.

"RV lots are closing up all over the place," said Ted Deits, an RV owner and storage-facility developer who currently stores his motorhome at El Toro RV Storage. Many RV owners, he added, are starting to panic over the growing scarcity of convenient RV storage facilities.

El Toro RV Storage provides convenient and relatively affordable storage facilities for 2,300 recreational vehicle owners in the heart of Orange County, Calif. — but its future is uncertain. The Lennar Corp. of Miami, Fla., one of the nation's largest commercial and residential developers, has purchased more than 2,000 acres of land at the former El Toro Marine Corps Air Station, including the site where El Toro RV Storage is located.

Lennar plans to develop its property with homes as well as commercial, retail and educational facilities. And while El Toro RV Storage secured a lease extension through June of this year — it's currently on automatic 30-day renewals — some RV owners who store vehicles there believe it's just a matter of time before the facility is forced to close to make way for new development. For her part, site manager Kelly Valentine concedes that if the facility is ever forced to leave the property, there is no chance of replacing it in size and scope in Orange County. "There's nowhere for these people to go," she said.

Of course, the same could be said of virtually any RV storage facility in a major metropolitan area. While demand for RV storage facilities is growing, thanks to strong RV sales and increasingly strict RV parking restrictions, rising real estate

prices have made it virtually impossible for many companies to open new RV storage facilities in pricey metropolitan areas.

The same real estate dynamic has also made it financially unfeasible for existing inner-city RV storage facilities to expand because the rents they would have to charge to cover their costs of land and development would be prohibitive for most RV owners.

"The price of land is too high to make it pencil. That's the biggest consideration," said Tom Doyle, managing partner of Irvine, Calif.-based American Pacific Holdings, which stores about 56 RVs at an indoor storage facility in Hawaiian Gardens in neighboring Los Angeles County.

Development of new RV storage facilities is also being constrained by city planning departments, which are often averse to approving new RV storage facilities as they are to allowing construction of new RV parks.

"Most cities don't want (RV storage facilities)," Doyle said. "When you go talk to the planning department, sometimes they'll make it real clear you've got an uphill battle. It's not just that they won't support it, but when you get into the planning process with the city, they make it difficult or economically impossible to pencil the project. Between the high land cost and developmental issues, the city permits and fees and the requirements of the California State Water Quality Control Board, they make it difficult and costly to develop sites for RV storage."

But while rising real estate prices and permit issues certainly pose challenges for RV storage companies, developers are finding that RV enthusiasts will pay more money to store their vehicles if storage facilities provide the right mix of amenities and service.

"When people buy a rig that costs \$300,000, \$400,000 or \$500,000, they don't want to park it in a cow pasture with a barbed-wire fence around it," said Charlie McBride, part owner of McBride's RV and Boat Storage in Chino, Calif., a suburban city about 35 miles east of Los Angeles.

McBride's 17-acre facility, which opened last summer, has enough space for 1007 RVs, but McBride plans to focus his attention this year on building 200 private RV and boat storage garages, which he believes he can rent for about \$1 per square foot.

McBride also offers his tenants a broad range of amenities, including a dump station, a drive-through high-pressure washing facility with 4-foot-high catwalks, air hoses and a propane service station. The entire facility is surrounded by 14-foot-high cinder-block walls and is guarded by a state-of-the-art video surveillance system, whose cameras track each visitor's movements throughout the facility.

"I think in the future we will see more and more storage facilities step up and do the necessary improvements to attract the high end of the (storage) market," McBride said.

Indeed, several high-end facilities already are. One case in point is National RV Central in Tucson, Ariz.

The \$8 million, 135,000-square foot indoor climate-controlled facility, which opened in October 2006, features valet parking, a touchless RV wash, dump station and service center with three service bays. The storage facility can accommodate up to 300 RVs, with rental fees ranging from \$250 to

National RV Central, which recently opened in Tucson, Ariz., is typical of storage locations that cater to RV owners. The indoor climate-controlled facility features valet parking, a dump station, service center and dedicated RV wash.



\$350 per month for vehicles parked in its main storage area. But fees can go up to \$600 per month for private storage units with 50-amp electrical hookups.

Travis Morrow, vice president of National Self Storage Management, the management company for National RV Central, said the company is obviously catering to the higher end of the RV market. He added that even Tucson's priciest neighborhoods have RV parking restrictions, and most homes don't have large lots.

"You don't see very many people in Tucson with a lot of acreage around their big house," he said, adding, "The high-end housing doesn't accommodate RVs."

Of course, affluent RV owners could build their own storage garages, but National RV Storage is betting that most high-end RV owners won't want to bother with that and will instead prefer the amenities and service that Tucson's newest RV storage facility can provide.

Developers also tell *RVBusiness* that there is a shortage of upscale RV storage facilities across the country, essentially echoing the shortage of high-end RV resorts. Consequently, more companies are finding it worthwhile to get into the high-end storage business, offering more amenities and service than the RV storage arena has ever seen before.

"The market is getting more sophisticated," said Tim Dietz, vice president of communications and government relations for the Self Storage Association, an Alexandria, Va.-based trade association whose members account for about half of the estimated 45,000 self-storage facilities across the United States.

While RV storage used to amount to little more than outdoor parking areas with locked gates, many of today's RV storage businesses offer covered parking or indoor, climate-controlled garages or warehouse facilities.

"There's a lot of money going into storage right now," Dietz said, adding, "People are trying to separate themselves from the competition in different ways."

Consider Playtime RV Center. The Oxnard, Calif.-based company not only offers indoor storage, but RV pick up and delivery service, RV cleaning, detailing and pre-trip inspection services, plus an 18-bay service center.

"A lot of these facilities are being built with all the bells and whistles," said Poppy Behrens, executive editor of Phoenix, Ariz.-based MiniCo Inc., which publishes several storage-business magazines and directories, including *RV & Boat Storage Today*, *Mobile Self-Storage* and *Mini-Storage Messenger*. "We're seeing some storage facilities that actually offer maid-type services either before or after the customer has their RV on the road."

Some storage companies, in fact, are also finding it worth-

while to partner with outside vendors, such as RV repair and detail-service providers. This is precisely the business model used by Premier Park Place, a 91,000 square-foot indoor storage facility in Rockwall, Texas, a Dallas suburb.

"The repair company will come and get the RV, take it to their facility to do the work, and then bring it back," said Marc Drake, Premier Park Place's owner.

Drake also offers his customers two rate structures — one for self-parking, and the other for valet parking. "It's actually cheaper to use the valet because I can get better space utilization that way," he said.

Drake also prefers to have his customers take advantage of the valet service because many RVers have difficulty parking their vehicles. "If you've ever seen somebody drive an RV for the first time, it's pretty painful," he said. "The valet has come in real handy as far as first timers. It keeps them from banging into my building and into everybody else."

It's also an added convenience, even for experienced RVers. "This way, when they come back from a trip and they're in a good mood, they don't have to stress out about backing into a space," he said.

Drake charges \$265 to \$285 per month to store a 40-foot motorhome. He also provides 30-amp electrical service for an additional \$15 per month.

Some entrepreneurs, meanwhile, are finding it worthwhile to develop RV storage condominiums, particularly in suburban or outlying areas where land is more affordable.

The Dealership Connection

While some RV dealers offer a place for their customers to store their vehicles, most dealers cannot accommodate large numbers of vehicles, particularly in larger cities, because of the high cost of real estate.

"When you look at what dealers are paying for land in those prime locations, it's difficult to justify that investment (for RV storage)," said John Ingrassia, vice president of communications for the Recreation Vehicle Dealers Association (RVDA) in Fairfax, Va., adding, "It's more lucrative to that space to sell RVs."

RVDA surveys indicate that as many as a third of its members offer some type of RV storage. However, a more realistic figure may be in the 10% to 15% range, said John Spader, president of The Spader Companies, a Sioux Falls, S.D., company that organizes 20 group financial-management workshops for dealers across the country.

Spader told *RVBusiness* that the impact of storage revenue on RV dealerships is so small that it doesn't even come up as a separate line item with dealers discuss their operating income and expenses in group sessions. Still, there are some dealers who find it worthwhile to provide storage services for their customers.

Carolina Coach & Camper LLC in Claremont, N.C., for example, can store as many as 50 vehicles on a fenced lot next to its dealership, which is located about an hour north of Charlotte. "We just have plenty of room," said Ken Wilson, a service advisor for the dealership, which charges its customers \$1 per linear foot to store their vehicles.

Some dealers, however, have made sizeable investments in their storage facilities. A case in point is Performance RV Rental LTD, a Four Winds dealership and RV rental company in Thornhill, Ohio, that stores up to 235 RVs and boats in its own indoor-storage facility.

"We take care of them as if we owned them," said Sean Guyer, Performance RV's owner. "We offer cleaning and detailing. We also offer winterization and small repairs. We start everybody's motorhome every month. We start their generators every month and we monitor them for mold."

Guyer says his business model is unique and he acknowledges that his storage business has been helped by the fact that he acquired property for his business 12 years ago. "I don't see many RV dealers getting into the storage business," he said, adding that the rising cost of real estate isn't the only factor that keeps RV dealers from pursuing the RV storage business. "Many of them," he said, "don't want the liability."



Deits, the California-based RV-storage developer who currently stores his motorhome at El Toro RV Storage, is building a 108-unit condominium storage facility on a 4.5-acre site in Beaumont, Calif., roughly 70 miles east of Orange County, which he's named Eucalyptus at Beaumont. In Beaumont, he said, land is cheap enough

to enable RV owners to own condo-style storage units for about \$300 to \$400 a month — or roughly the same amount they would pay to store their unit at a rental facility in Orange County. These figures assume they put 20% down on units that start in the mid-\$60,000 range.

"We have no choice but to go east," Deits told *RVBusiness*, because that's the only place where land is affordable enough to develop new RV storage facilities that make economic sense to most RV owners.

Of course, the further RV owners have to drive to retrieve their unit, the more inconvenient it becomes for them. But Deits believes RV owners will overlook the drive if they can own their own storage unit, since it gives them the ability to build equity rather than lose their monthly storage fees in rent.

And in a market like Southern California, where real estate prices surge upward most of the time, Deits believes the odds are pretty good that RV owners won't lose any money by investing in RV storage condominiums and will actually make money on their investments in the long run.

"There's always the possibility of future appreciation," Deits said, adding that it's not likely that the number of storage condominiums will ever outpace the number of RVs that have to be stored, at least in a big market like Southern California.

The other factor working in Deits's favor is the fact that RV owners in coastal metropolitan areas simply have fewer and fewer local facilities where they can store their vehicles. "I thought the distance (from Orange County to Beaumont) would be a barrier. It's not. People have no choice," Deits said, adding that he has already received e-mail messages from 800 people who have visited his website at www.rvstorage.biz and indicated an interest in purchasing a storage unit.

The lack of adequate RV storage isn't just a problem in the big cities. Developers have also built RV storage facilities in a number of other smaller markets around the country, including Bear Cave Storage, which has a facility in Redding, in Northern California; Eagle Storage Condos LLC, which developed a condo storage facility in Onalaska, Wis., some 200 miles west of Milwaukee; and Toy Shed Storage Condominiums, which has a facility in Fort Wayne, Ind.

Developers say the condo-storage concept is spreading to smaller cities because many of today's consumers simply need more storage space — not only for their RVs, but for their boats, furniture and other personal items.

"It's hard to rent more than 1,000 square feet of space," said Marchese of Massachusetts, who became a developer after his father used up all of his space to store things. So the only alternative for people needing large amounts of personal storage space is to buy it.

Other developers note that many of today's homes are built on relatively small lots that simply cannot accommodate an RV even if there are no local RV parking restrictions. This was one

factor that prompted Dave Winter of Sandusky, Ohio, to get into the RV storage condominium business 10 years ago. His company, Storage Condos Inc., has developed condo-storage facilities in locations across Ohio, including Port Clinton, Findlay, Avon Lake and Lebanon.

Winter, who is considered a pioneer in the RV storage condominium business, added that people like to store their vehicles in climate-controlled facilities where they can be protected from the elements, whether it's snow in the Midwest or intense sun exposure in California. Consumers also like the higher level of security that can be provided by an indoor storage facility.

"I think the condo concept is real interesting," said Stu Roberson, president of R n R Vehicle Storage, a warehouse-style storage facility in Milpitas, Calif., which rents spaces to RV owners in the San Jose area. He added that the concept could take root in many locations around the country, particularly in the outskirts of cities, where land is cheaper.

Some developers, in fact, are already planning their next condo storage facilities, including Winter, whose website alerts consumers to his plans to build condo storage facilities in Orlando and Melbourne, Fla., Fairfield County, Conn., and Knoxville, Tenn. in the near future.

But while there's an apparent shortage of RV storage spaces

in many larger cities across the country, developers who pursue the storage business shouldn't count on overnight success. This is because many RVers already have found a place to park their

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ABOVE: On-site RV service is another convenience of the new business model of RV storage facilities. Even some not offering this courtesy sometimes contract with local shops to assist customers.

BELOW: Many RV owners prefer the added security of indoor storage. Playtime RV Center in Oxnard, Calif., offers such amenities as RV cleaning, a pickup-and-delivery service and 18-bay service center.



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vehicle, and they're not likely to move it until they are forced to do so or unless they happen to learn about an RV storage facility whose amenities and service are appealing to them.

"You'd think there would be this tremendous demand out there, but they're not doing circles around the block waiting to move in," said Bill Hobin, president of the William Warren Group, a Santa Monica, Calif.-based company that operates 35 RV and boat storage facilities in California, Arizona, Colorado and Hawaii under the StorQuest brand name.

Hobin cited his own company as a case in point. StorQuest opened a 390-space RV- and boat-storage facility in Moreno Valley, Calif. one year ago. But even though the facility is within 50 miles of both coastal metropolitan areas, it is only about 40% full. Hobin added that in some markets around the country, such as east Denver, Colo., there is actually a surplus of RV storage facilities.

But Hobin does see demand continuing to grow long term. He also forecasts increasing consumer interest in facilities that provide more amenities, rather than merely a place to park a vehicle. "We are seeing more storage companies add amenities," he said, "because people want to show up and use the dump station and be able to wash and store their vehicle in one spot."

Hobin also knows that, in the long run, the numbers are working in the favor of RV storage providers. "It's going to be harder and harder and harder to find a place to park RVs because it's harder and harder to build storage facilities," he said.

Some storage companies, in fact, are even removing RV storage sites from their inventories. Glendale, Calif.-based Public Storage, the largest public storage company in the world with 1 million customers and 2,000 locations across North America, has recently started to eliminate some of its existing RV storage areas to make room for more individual storage garages for furniture and smaller, boxed items. The reason? It's a more lucrative use of the company's property.

"There is a very high demand for storage units versus what you would get for an RV," said Clem Teng, vice president of investor relations for Public Storage.

Diets also believes that demand for RV storage facilities will only increase over time. Consider El Toro RV Storage. If and when El Toro RV Storage closes its doors, he said, the 2,300 RV owners who store their rigs there will be hard-pressed to find a similar facility in Orange County. "They'll be orphaned," he said.

Diets added that he didn't have any trouble filling his condo storage facility, the first phase of which sold out in the first three days it was placed on the market.

Consumers, meanwhile, are becoming increasingly cognizant of the growing scarcity of RV storage facilities as well as the rising costs associated with storing an RV. "More and more," said Roberson of R n R Vehicle Storage in Milpitas, Calif., "I'm finding new coach owners are calling us while they're in the process of purchasing (an RV) to figure out what their total cost of ownership will be." Δ



Own Your Own storage condominiums, a new facility being built in Manteca, Calif., will offer 275 spaces with prices ranging from \$57,995 to \$125,990. The first phase is scheduled for completion in September.



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