

Embrace Diversity

Give Boat/RV Customers a Variety

By Caesar Wright



Boat and RV storage is the fastest growing segment of the self-storage industry. There are several reasons for this. One of the biggest is strict regulations regarding the storage of recreational vehicles in residential neighborhoods. More cities and homeowners associations are instituting stringent regulations that prohibit parking and/or storing RVs or boats in driveways or on city streets, requiring them to be moved every 72 hours. Most new housing developments ban boat and RV parking altogether.

Another factor is the increase in RV sales over the past two years. Although RV sales saw a 2-year decline, sales surged 2.1 percent in 2002, according to the Recreational Vehicle Industry Association (RVIA). In turn, ownership of RVs has reached record levels, according to a 2001 University of Michigan study commissioned by RVIA. Nearly 1 in 12 U.S. vehicle-owning households now owns an RV. That's nearly 7 million households—a 7.8 percent increase in the past four years and a 42 percent gain over the past 21 years. Today's RVs are more affordable and give families a vacation alternative.

Boating activity is also on the rise. In 2000, there were more than 11 million boats in use in the United States. From speedboats to pontoons, more boat enthusiasts are taking to the waters on weekends during the warmer months. Since the cost of a boat can range from \$4,000 to \$100,000 or more, there is a definite need to store it some place safe and secure. Many people are turning to self-storage facilities to house their treasured weekend toys.

Pros and Cons of Boat/RV Storage

While boat/RV storage may be the fastest growing segment of the self-storage industry, there are some drawbacks. First, it is very land intensive. With land costs on the rise in most geographic regions, designing a fully enclosed boat/RV storage may not be feasible.

Steve Teixeira, an employee at San Diego Self Storage, a chain of 18 facilities in San Diego, told me not a single day goes by that he doesn't receive a call for boat/RV storage. Imagine that. Every day, the facility receives a call from a potential renter. That's an owner's dream. The problem is simply it's too expensive to build in Southern California. The developer just can't make it pencil out.

For the most part, there are two basic design options for boat/RV storage. One is fully enclosed. The other is a roof-only structure, commonly referred to as a carport. The obvious advantage to the fully enclosed structure is that it is secure on all four sides and accessed with either a commercial roll-up door or a sectional-style garage door.

The roof-only structure can be somewhat surprising to the developer when it comes to the cost. Even though there are no walls, your footings will need to be deeper and your roof will require additional bracing to handle the uplift loads. With these two factors combined, fully enclosed structures begin to look more attractive, at least from a cost standpoint, since you'll be able to charge more for the rental of the unit. In recent years, we have also had several inquiries for climate-controlled boat/RV storage, making the enclosed unit even more attractive to renters.

Wide driveways are also required for easy access to individual units. The average driveway width between buildings is 55 feet. It's crucial you allow an "amateur driver" enough room to maneuver their boat or RV safely into the unit.

Another potential disadvantage is boat/RV storage is often seasonal, especially in places near bodies of water or that have large populations of part-time residents. Combining conventional self-storage with boat/RV storage can potentially make up for the seasonal renters. Often times the client who moves out of the larger unit may still have the need for storage in a smaller capacity.

The advantages to this specialty storage far outweigh the few disadvantages. One of the best things about boat/RV storage is it requires little management. Because the storage unit is much larger, there are actually fewer customers. An average RV unit takes up about 500 square feet, whereas a typical self-storage unit is only about 110 square feet. I am currently seeing the standard width of the units increased to 13 feet and the height of the building increased to 16 feet to accommodate a 14-foot door.

Since the units are larger, the monthly rental rate is greater. Also, customers tend to be more long-term. This is primarily because of the difficulty in moving a boat or RV. Once they get it in the space, they tend to keep it there.

Even though this niche market is on the rise, there are still few self-storage facilities doing it, which means less competition to those that are. When planning boat/RV storage, it's important to consider whether or not your market can afford it. Evaluate your local competition. If they are offering boat/RV storage and it's renting, than you should be to. Too often we try and reinvent the wheel. The old saying "if ain't broke, don't fix it" can go a long way.

Staying on Top

You may have fewer competitors, but that doesn't mean you can sit back and watch the profits roll in. Marketing and keeping your rental rates competitive is crucial. There are two key elements to keeping your boat/RV storage consistently full. First, get out from behind your desk. Visit other facilities in your area. Talk to managers. What unit sizes sell like hotcakes? What unit sizes sit like Brussels sprouts on your kid's plate? Are the doors big enough? Are there customers who get turned away because units are too small--or too big and expensive to justify? Is there enough room to maneuver in the drive areas? What rental rates does the market support? Are the rates similar to yours?

You should also visit local marinas and campgrounds to find out what your potential customers are looking for. While there, make contacts with the onsite management. Not only can they provide information, they may produce referrals on a commission basis.

The second key element is to diversify. Remember the ill-fated Scotch tape store from "Saturday Night Live", whose employees were decked out in ridiculous plaid and sold nothing

but rolls of tape at 39 cents a pop? Now contrast that with Home Depot, which has made a lucrative art form out of variety. Which business model is for you? The key is internal diversification of product and service as regards applicable demand sector parameters: i.e.: Give em' what they want!

People with big toys usually have big wallets to match. Help them spend that money. Give them a variety of unit and door sizes. If market research and property allow, offer open storage, roof-only and/or fully enclosed secure units. Offer vehicle washing, maintenance, ice, dumping, gas-up, parking--or whatever else you can do to make it easier for your clientele. This range of products and services helps your manager sell better and creates better relationships with the customers.

Caesar Wright is president of Mako Steel Inc, one of the leaders in the self-storage construction industry. He has been in the steel business his entire career and has risen from an entry-level sales position to CEO at a remarkably young age. Mr. Wright is respected in the industry for his ability to manage, negotiate and succeed without compromising his integrity or his sense of humor. When not ruling his business empire with an iron fist, he can be found on the river, at the golf course or following his beloved Pittsburgh Steelers.