

Batter Up! Don't Miss Out on the RV Market

by Caesar Wright & L. Bruce McCardle



"Nobody goes there anymore; it's too crowded."

-- Yogi Berra

I have always been a big fan of Yogi Berra and his famous quotes. While most people find them amusing and nonsensical, I have found them to sometimes be a bit more profound. As I experience more of life, (an easier-to-swallow way of saying "getting older"), I even find times when old Yogi really makes good sense. So follow along as Caesar and I apply the philosophy of Yogi Berra to the current boat and RV market. Considering the state of the economy and construction, do you have anyone better to recommend?

"You've got to be very careful if you don't know where you're going, because you might not get there."

Storage industry feasibility and demographic expert R.K. Kliebenstein told us that "there appears to be about a two-year window for investing in the boat and RV market." The problem with this is that he told us almost two years ago. R.K. had just put aside all of his data on self-storage, and he said that the boat and RV market called for an entirely "new template."

His new template was scrupulous; the numbers worked and the returns looked great. And then the sky fell. To say instead that there was a "change in the economy" would rank right up there with a Yogi Berra quote. We came to Yogi's proverbial fork in the road, and apparently, we have taken it. However, let's

look at some pluses that exist as a result of what's happening.

"The towels were so thick there I could hardly close my suitcase."

As it always is in economic reality, what is a loss to some can become a gain to others. Land costs have decreased, steel prices are as low as they have been in years, concrete is readily available and less expensive, and good crews are scratching to find work, just to name a few. The bottom line: This is actually a great time to build.

You're thinking, "These guys don't have a clue what is going on in the financial world." Oh, we know. All too well, we know. The question really is, do the current savings in land and construction offset the cost of money? That's where the experts and your instincts come in. Hey, come on, we're steel guys. Don't ever let the steel guys influence the feasibility of a project; they all look good to us!

However, now more than ever, paying attention to every detail is crucial in making a project work.

"You observe a lot just by watching."

Any of the major, reputable steel building suppliers are willing to get involved early in the design phase of your facility. Not that we are smarter than your architect, or your engineer, or the general contractor; it's simply that this is what we do. Day in and day out, we see what works and, just as importantly, what

doesn't work. We see what it takes to provide a quality project within a budget and schedule that will cash flow at the earliest time, and at some point be profitable.

Sounds a bit trite. That should be obvious, you say. Well, from where we stand looking back, some in the industry lost sight of that simple objective somewhere along the way. Maybe it's time to get back to basics. How about some "thinking inside of the box?"

We certainly didn't invent the design for the steel system we use to construct storage buildings. It is what the industry has arrived at over many years as the most efficient way to build from the engineering and cost perspective. We are not saying that there may not be a better way; we just haven't seen one yet. Your steel supplier can certainly help to save some time and money if allowed to have input early in the layout and structural design of the buildings.

"I knew I was going to take the wrong train, so I left early."

Speaking of trite and obvious, how about this? The secret to a profitable facility is to build the right thing, in the right place, at the right cost, and at exactly the right time.

Over the past eight years or so, I have had more than a handful of clients come to me saying, "I definitely want to build some boat and RV buildings along with the regular storage buildings. It's not long after that they discover that boat

and RV buildings, simply due to their size and drive isle requirements, sure take up a lot of land. When they then realize that boat and RV storage does not have the same dollar return per square foot of building that regular storage yields, guess what doesn't get built? So in our opinion, in many parts of the country, there is still a good market looking for a place to store boats and RVs. Just for kicks, and a good place to start, ask your managers how many calls or visits they are getting where customers are looking for this kind of space.

Another important consideration is that people who can afford class "A" recreational vehicles and big boats are not

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as hard hit on expendable income right now. They are willing to pay for a secure place to get their expensive toys out of the weather.

We are currently seeing a lot of developers and owners add boat and RV buildings to existing storage facilities in locations and markets where it makes sense. Having land that is already paid for certainly makes the numbers work that much better.

"If the fans don't come to the ball park, you can't stop them."

Well, we have touched on this being the right time, and that the market is still out there, and we briefly looked at building the right structure. Now we're down to the finding the right place. You're right, that's a tough one. The discussion as to whether your facility is going to be a "destination," or a "pick up and drop off" location is a bit self explanatory, but on the other hand, too complicated to properly discuss in the time and space available here. This criteria is, however, very important to the overall strategy of "what and where" to build, and certainly

as to how much to invest. Are you at the lake or campground, or on the way to the lake or campground, is an overly simple way to describe it.

There are so many good resources now available to help you answer many of these pertinent questions. Current and archived articles in the *Mini-Storage Messenger*, and at www.ministoragemessenger.com, project galleries, building information, and webinars at www.makosteel.com, as well as other useful links you will find on these sites.

I am a big advocate of talking to one or several of the consultants in the industry that specialize in boat and RV de-

mographic and feasibility studies. I am amazed at how many sound business owners will spend a million plus dollars on a building project, but aren't willing to spend a few thousand to find out what to build and where to build it.

In my experience, your insight and business savvy is the best resource. Successful owners and developers I work with just seem to know the right spot, and know what will work there. Their families are from the area, they have grown up there, raised families there, and succeeded in business there. They know the people, the economic capabilities, and the attitude toward the future of the community. If you're not that person, you know who they are. Find them and involve them in your vision for the project.

"You give 100 percent in the first half of the game, and if that isn't enough, in the second half you give what's left."

I know, "even if land is reasonable, even if construction is cheap, even if the market is out there, what is going to happen with the economy?" If you

only knew how many times in the past year or so I have had someone ask me that question. And it's a very valid question, but hasn't it (or shouldn't it have) always been the question? Has there ever been a time when we were all absolutely sure of what the future might bring? Evidently, we should have been asking this question some time ago.

Storage developers and owners have always been true entrepreneurs, risk takers. Have we ever been certain that this business would work at all? Could any of us have predicted that it would grow into what it has become? And how may have been predicting it's impending demise almost from the beginning? Do any of us really know if things will be better, be worse, or the same next year, or the year after?

I recently heard that an industry leader has said that "you would have to be a fool to get in this business right now." I'm sure that you true entrepreneurs will agree, I would always rather be that fool than look back and say, "What an idiot for not doing it." For those of us who have had the experience of stepping up and taking the risk, winning it all, or losing it all, we know that the real reward is in having tried, and that we are the better for doing so.

In closing, these brief thoughts on the current state of the boat and RV market, allow us another "Yogism." Once, Yogi's wife Carmen asked, "Yogi, you are from St. Louis, we live in New Jersey, and you played ball in New York. If you go before I do, where would you like me to have you buried?" Yogi replied, "Surprise me." Was this a silly response, or a pretty profound optimism?

Please don't ever hesitate to call either one of us to discuss your project, your thoughts, or your ideas. Like I said, it's what we do. As for the future of your next venture ... well, surprise me! 📧

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