

RV Park Investing Is “Hot” For Good Reason - But Don’t Get “Burned”

RV park investors are in the enviable position of offering a product that is only growing in popularity in a post-pandemic America and that is on the right side of every U.S. megatrend. In fact, the ability to have superior financial returns with RV parks is well documented and the sale of RVs in America – the backbone of growing RV park occupancy – is at record levels. But you still need to do it the right way or you will fail despite the odds being in your favor.

Why RV parks are excelling at making money

Making money with RV parks is a pretty simple business model. It’s all about buying investment-grade properties that are mis-managed (typically as a result of failure to harness the power of internet marketing and social media) and then bringing them back to life in a modern era. Since many RV parks are owned by the original moms and pops, the market is ripe with properties that have a huge amount of potential and are priced low – and even include seller financing in many cases. The bottom line is that that timing is everything and this is the right time to buy an RV park.

What the megatrends are that fuel RV park success

In business you do much better rowing with the current than trying to row up river, and RV parks are perfectly positioned to take advantage of all major U.S. megatrends including:

- **Aging of the Baby Boomers.** The Baby Boomers are those born between 1946 and 1964 and this group is rapidly hitting retirement age and beyond. There are around 10,000 Baby Boomers per day entering into retirement in the U.S. That’s a huge group of consumers, many of which are buying RVs and retiring into a life on the road seeing America.
- **Rise of the Millennials.** The Millennials are those born between 1981 and 1996, and they have become that largest age segment of the U.S. population. They also are extremely excited about RVs as their recreation choice, and have become a huge part of the RV boom in sales. Studies have shown that their favorite part of owning an RV is outdoor cooking, as well spending quality time with friends and family.
- **Increasing focus on the outdoors.** There’s no question that the pandemic has exposed many Americans to the pleasures of the great outdoors, and that’s changed the tastes of many consumers to having more of a penchant for RV parks. When it became apparent that the chance of getting sick was reduced in outdoor environments, most Americans suddenly started spending time in their yards and outdoor space and found they really liked it.
- **National focus on experiences and not materialism.** There is a movement in America towards spending less on buying “things” and instead focus on buying “experiences”. RV parks offer the ability to be much more active with friends and family, including sports, adventure, swimming, games, and outdoor dining. This has become very valuable to many Americans – particularly the Millennials.
- **New views on travel.** The post-quarantine world has forever changed the way many Americans view travel. Flying and staying in hotels has become less appealing and instead many consumers are preferring driving and staying in their own RV. This is unlikely to

change going forward, as people find the joys of privacy and control of their surroundings an important part of their quality of life.

But there are pitfalls to avoid

While RVs can offer some terrific financial benefits, they are no trouble-free, and there are several traits that can destroy your RV park investment if you don't know what you're doing.

- **Poor location.** RV parks do not work everywhere. There are successful locations and there are ones doomed to failure. Just because a mom and pop built an RV park does not mean that it was a good idea, and many locations have changed over time and are no longer relevant. Good RV park locations have strong demand and are "destination" in nature, as well as having good road access and visibility. Real estate is all about "location, location, location" and RV parks are no different.
- **Poor infrastructure.** RV parks must have working roads, water, electric and sewer access. The amenities (such as the pool) must be solid, safe and not needing expensive capital upgrades. While some people think an RV park is nothing more than raw land with some power hook-ups, the truth is that investment-grade RV parks have significant, costly infrastructure and its condition is a huge deal as far as the desirability of investment.
- **Over-priced.** You can never make any money with an RV park if you over-pay for the asset. However, to come up with the correct price you have to know not only the revenue sources but also the complete line items of cost categories and how to estimate them. Even once you've figured out the net income, you still have to apply the correct cap rate to derive the price to pay.

And you need to understand the systems involved in RV park purchasing and operations

Like any business, there are established systems for RV parks to guide you to success, built over years of trial and error and adopted by all successful operators. If you can follow the gauges on the dashboard of your car, you can watch and adjust your RV park on this same concept. You will find that owning and operating an RV park is based on science and not just random luck. The good news is that, since it's based on objective systems, making money is not based on speculation but is virtually guaranteed if you do the right steps in the right order.

Courtesy of our friends Frank and Dave of the [RV Park University](#)

