

VALUATION & ADVISORY

RV & BOAT STORAGE QUARTERLY OVERVIEW



Q3-22



**CUSHMAN &
WAKEFIELD**

SELF-STORAGE ADVISORY GROUP

What you need to consider about this up-and-coming Storage Niche

Boat and RV Storage is still considered somewhat of a specialty niche within the broader self-storage category. In this study, the Cushman & Wakefield Self-Storage Advisory group examines the latest data regarding this specialty facility type in Q3 of 2022.

RV & Boat Storage Market at a Glance

Traditional self-storage facilities have limited space and amenities to store RVs and boats, which means that demand for RV/boat-exclusive facilities will continue to grow as RV and boat sales rise. This anticipated rise can partly be attributed to the alleviation of economic anxiety following the COVID-19 pandemic, and a far greater attitude toward travel, especially the continued desire to socially distance during travel¹.

The growth in demand for this niche specialty of storage is not being met by growth in facilities. The pandemic helped drive demand as families looked for destinations that are drivable and outdoors. Most vehicles are only used occasionally, and many RV and boat owners do not have space to store vehicles, or they live in communities where storage is prohibited



due to HOA or similar associations. “The need for Class A and A+ boat and RV storage is exponential,” said Amy Bix, director of sales for Toy Storage Nation, an industry trade group based in Phoenix, Arizona.

Per the Bulletin put out by YardiMatrix², 28 new facilities have been delivered in 2022, representing 2.6% growth in total square footage, and 18 are under construction. While that number is representative of an extremely active year for new supply (the most since the early 2000s), it still remains far below what is needed with regard to the demands of the market.

With supply remaining insufficient to the market need, logic would dictate that the asset class should be much more saturated with incoming projects and developments. However, due to the constraints in place for developers, this is not the case. Those constraints fall into 3 main categories:

1. Financing
2. Cost of Development
3. Location Issues



“Yardi’s database encompasses 786 completed RV/boat exclusive storage properties in the U.S. with 6,850 acres of space 28 new Boat & RV facilities were delivered in 2022. another 18 to be delivered in early 2023.”

YardiMatrix

Financing & Lending

RV & Boat Storage industry is perceived differently by lenders when compared to traditional storage lending and financing. There are different driving factors for lenders in order to assess and approve funding for a borrower in this growing market.

Boat & RV facilities have a wide scale of what is included in this 'facility type'. On one end there are facilities that are, essentially, unimproved parking lots. These types of facilities may be lighter on amenities including things such as security fencing, cameras, and perhaps Recreational Vehicle specific improvements such as dump stations. For these types of facilities, we often see little else in terms of vertical structures. On the other end, there are RV & Boat facilities with high-end amenities such as large oversize units with roll-up doors and covered shelters with climate control and even can go as far as ice machines, electricity hookups, and access to water.

The primary driving factor behind lenders' approval generally relates to the level of improvements, according to Shawn Hill, Principal & Founding member of the BSC Group who advises clients on debt and equity financing for commercial property types. "The closer the property is to unimproved land, the more difficult it is for lenders to wrap their heads around the value of the asset, whereas a fully improved property will receive treatment that is not much different from traditional self-storage," says Hill. Depending where an RV & Boat facility falls on that scale will inform the terms of financing. Lender concerns must be mitigated in that the property cannot be easily replicated by proving there are significant barriers to entry that will prevent new entrants in the competitive area. They want to know their investment can't be undermined by another person simply buying an available land parcel and making minor that might impact the income stream of the asset to be financed.

Hill says, "There is no one size fits all approach. The type of financing needed is a function of the specifics of the transaction," which are all factored in when assessing each asset.

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Shawn Hill, Principal & Founding Member
of the BSC Group



Cost & Economic Security

2022 has been a year of change for developers in nearly every asset class, with self-storage being no different. Basic turnkey budget costs for boat and RV construction can range anywhere from \$50 to \$65 per square feet including the door package which is approximately one-third the cost of traditional self-storage. According to Gordian, the facility & construction cost database, 71% of both construction material costs and equipment rates increased. Both of these are affected by supply chain bottlenecks, transportation issues, component shortages, and rising fuel costs which have all been well documented in industry publications along with news reports. Throw increased labor costs on top of that and the margins become even tighter. However, the vast majority of Boat and RV storage facilities run

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**\$50-65
PSF**



**COST
SAVINGS
OF TRADITIONAL
SELF-STORAGE**



Cost & Economic Security

with minimal upkeep, staff and maintenance. This is due to the fact they are paved / gravel lots with or without shade from the sun, making these facilities easy cash flow opportunities without the need for high-tech security and costly maintenance.

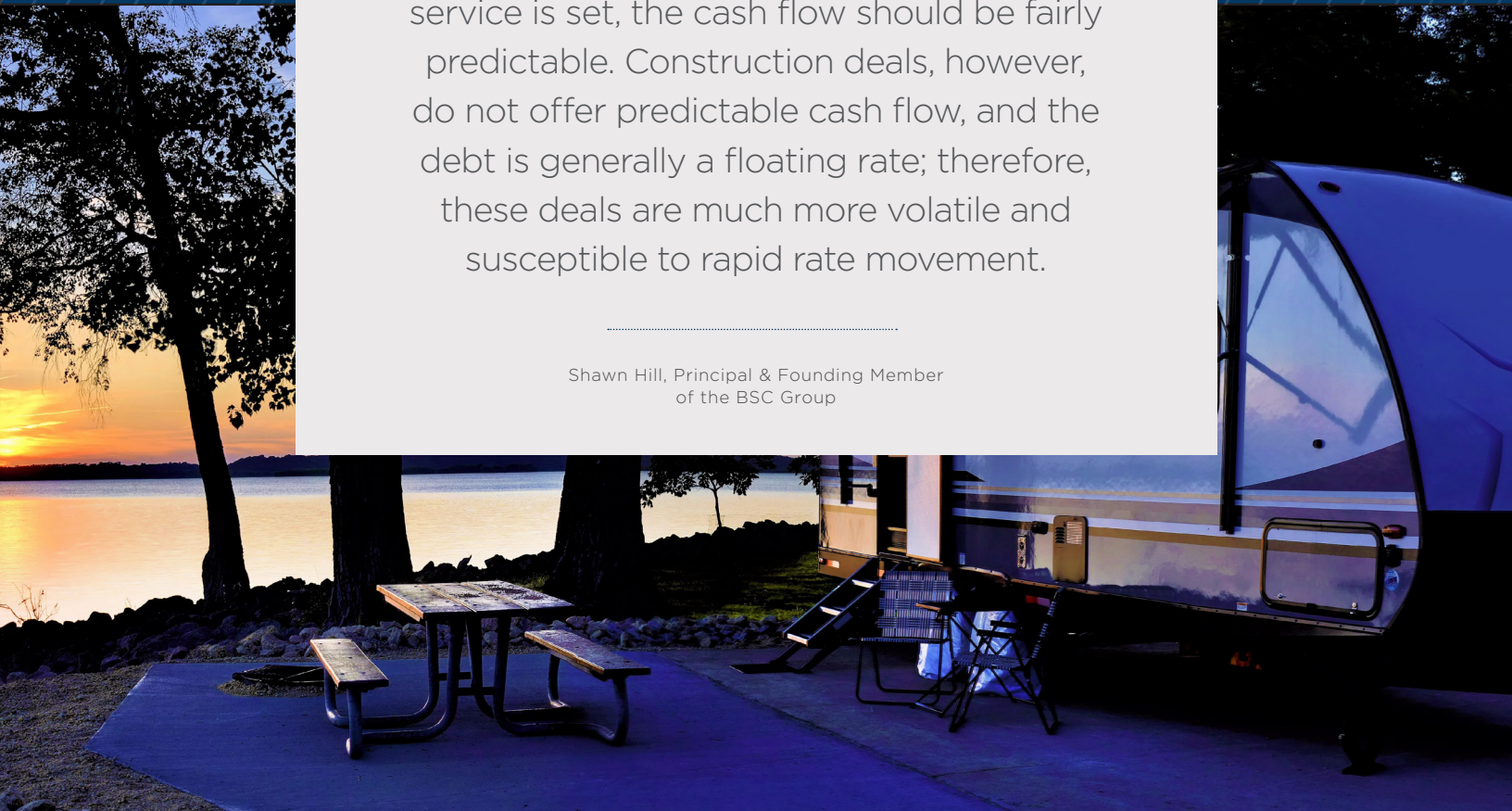
The Self-Storage industry as a whole has seen an impact as 2022 has brought about hikes in interest rates across the board, along with concerns about

the asset class during times of Economic uncertainty. During the last few months, the Fed has shifted rates bringing forward more questions regarding construction financing over those about stabilized or lease-up acquisition financing which rings true in RV & Boat storage acquisition, as well.



Stable cash flow deals command fixed-rate pricing, which offers stability in a volatile market because once the debt service is set, the cash flow should be fairly predictable. Construction deals, however, do not offer predictable cash flow, and the debt is generally a floating rate; therefore, these deals are much more volatile and susceptible to rapid rate movement.

Shawn Hill, Principal & Founding Member
of the BSC Group



RV & Boat Storage Locations

Not only have fluctuations been seen in rates, but also in the price of the land or parcel itself. Most boat and RV projects are situated on 7 to 10 acres. Generally, a sufficient enough storage space for these large items is 750 square feet which means, at the lowest end, a minimum of 3 acres would be needed to develop a profitable asset. Prime locations for RV & Boat assets are near, or on the route to/from, recreational areas and vacation destinations which have seen a boom in property value as more migrate to sunnier destinations. Rental rates also are heavily linked to location. Nationwide, RV & Boat sees an average 70 cents per square foot for rent. When examined closer, areas near larger gateway metros and recreation destinations are even higher with San Francisco sitting at \$1.54 per square foot and Chicago at \$1.38/psf.

We know that Americans are increasingly taking time off in natural settings such as parks and lakes, in part as a way of relaxing away from crowds spurred by the onset of the pandemic. As sales of RVs and boats increase, the demand to store the vehicles has grown. Traditional self-storage facilities have limited space and

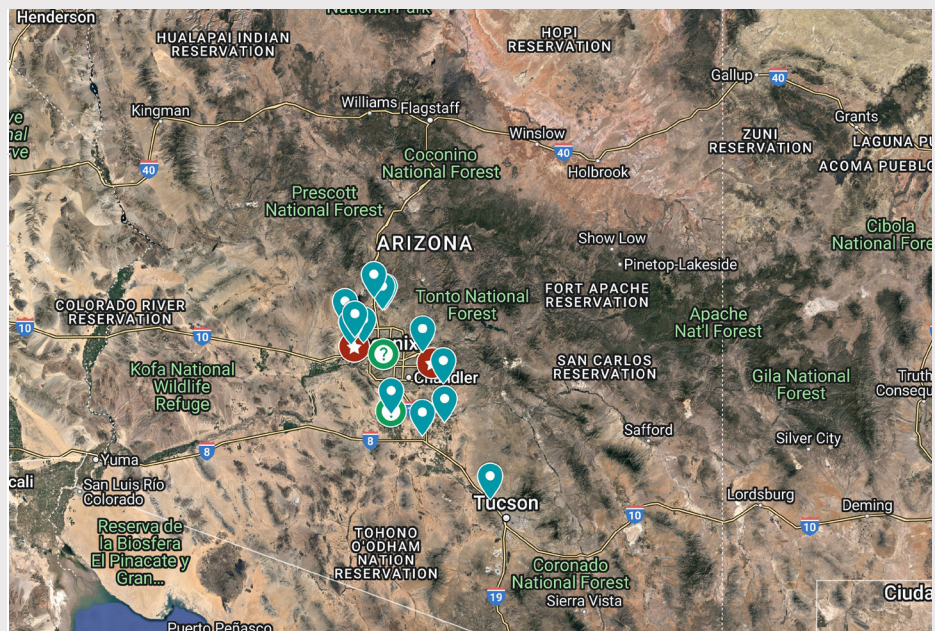
amenities to store RVs and boats, and many RV and boat owners do not have space to store vehicles, or they live in communities where storage is prohibited due to HOA or similar associations.

It goes without saying that the proximity of the facility to both destinations and population centers will reach higher profitability than those that are only near either the destination or the residence. The average customer likes to be within 30 minutes to 1 hour of driving time to their boat and/or RV, and within 3 hours of their possible destinations. This is starkly different to its storage counterpart which most people only like to drive 5 to 15 minutes to access traditional storage. It is much easier to explain to a lender that the demand for Boat and RV Storage in an area with a preponderance of recreation destinations, such as National parks, boat ramps and outdoor activities versus areas that are void or strictly residential suburbs.

Traditional storage is known as recession resilient whereas Boat/RV is quickly becoming steady cash flow with very minimal upkeep and maintenance costs.

RV & Boat Projects

-  UNDER CONSTRUCTION
RV BOAT
-  PLANNED
RV BOAT
-  PROSPECTIVE
RV BOAT



*Map can be customized to match your MSA data.

Source: Yardi Data

New Listings

Under Contract



Wilsonville RV

Address: 26729 SW 95th Ave
Wilsonville, OR 97070
Total Units: (Boat & RV Parking): 329
NRSF: 107,896
Total Acres: 5.74
Built: 1996



Wittmann RV Entitled Land

Address: SEC of W Montgomery Rd & W Grand Ave
Wittmann, AZ 85361
Total Acres: 37.25
NRSF: 722,940 Square Feet
Total Acres: 37.5

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¹Source: CWSSAG Valuation & Advisory RV & Boat Storage Quarterly Overview. Q2-22. http://cushwakestorage.com/wp-content/uploads/Q2_22_RV-Boat-Storage-Industry-Outlook_web.pdf

²Source: YardiMatrix. (2022). Opportunity Abounds In RV/Boat Storage Segment. <https://www.yardimatrix.com/publications/download/file/2669-MatrixBulletin-RVBoatStorage-August2022>

³Source: Swingler, Sarah. Mini Storage Messenger. "RV & Boat Construction Costs". June 15, 2021. [ministorage-messenger.com/rv-boat-construction-costs](https://www.ministorage-messenger.com/rv-boat-construction-costs)

⁴Source: Gordian. "A Closer Look at 2022 Construction Cost Changes." [gordian.com/resources/2022-construction-cost-changes-closer-look/](https://www.gordian.com/resources/2022-construction-cost-changes-closer-look/)

⁵YardiMatrix. (2022). Opportunity Abounds In RV/Boat Storage Segment. [yardimatrix.com/publications/download/file/2669-MatrixBulletin-RVBoatStorage-August2022](https://www.yardimatrix.com/publications/download/file/2669-MatrixBulletin-RVBoatStorage-August2022)

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YardiMatrix. (2022). Opportunity Abounds In RV/Boat Storage Segment. [yardimatrix.com/publications/download/file/2669-MatrixBulletin-RVBoatStorage-August2022](https://www.yardimatrix.com/publications/download/file/2669-MatrixBulletin-RVBoatStorage-August2022)

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Debt & Equity Financing. Personal Communication. October 2022.

Swingler, Sarah. Mini Storage Messenger. "RV & Boat Construction Costs". June 15, 2021. <https://www.ministorage-messenger.com/rv-boat-construction-costs/#:~:text=Basic%20turnkey%20budget%20costs%20for,to%20include%20the%20door%20package.>

Gordian. "A Closer Look at 2022 Construction Cost Changes." [gordian.com/resources/2022-construction-cost-changes-closer-look/](https://www.gordian.com/resources/2022-construction-cost-changes-closer-look/)

AT THE CENTER OF

What's Next

YTD 2022 BY THE NUMBERS



\$1.7+B

TRANSACTION
VOLUME



93

AVERAGE DAYS
CONTRACT TO CLOSE



260+

OFFERS



98%

LIST TO
CONTRACT PRICE



57

CLOSED
TRANSACTIONS



20

ON THE
MARKET



25

UNDER
CONTRACT



114

CLOSED PROPERTIES
& FACILITIES

WE ARE A FORCE FOR ACTION

Fueled by ideas, expertise and dedication across the country and worldwide, we create **self-storage real estate solutions** to prepare our clients for what's next.

CUSHMAN & WAKEFIELD U.S., INC. SELF-STORAGE ADVISORY GROUP

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